中國新城市商業發展有限公司
China New City Commercial Development Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1321

Global Offering

Sole Global Coordinator and Sole Sponsor

交銀國際 BOCOM International

Joint Bookrunners and Joint Lead Managers

交銀國際 BOCOM International

海通國際 HAITONG

凱基金融亞洲 KGI CAPITAL ASIA

廣發香港 GF HONG KONG

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

China New City Commercial Development Limited
中國新城市商業發展有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**468,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**46,800,000 Shares (subject to adjustment)**
Number of Reserved Shares under the Preferential Offering	:	**47,352,700 Shares (subject to re-allocation)**
Number of International Offer Shares	:	**373,847,300 Shares (subject to adjustment, re-allocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$2.92 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**HK$0.10 per Share**
Stock code	:	**1321**

Sole Global Coordinator and Sole Sponsor

交銀國際 BOCOM International

Joint Bookrunners and Joint Lead Managers

交銀國際 BOCOM International　海通國際 HAITONG　凱基金融亞洲 KGI CAPITAL ASIA　廣發香港 GF HONG KONG

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

See the section headed "Risk Factors" for a discussion of certain risks that you should consider before investing in the Shares.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us, on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, June 20, 2014 and, in any event, not later than Wednesday, June 25, 2014. The Offer Price will be not more than HK$2.92 and is currently expected to be not less than HK$2.12, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Wednesday, June 25, 2014 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus (which is HK$2.12 to HK$2.92 per Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe or purchase, and to procure applicants for the subscription or purchase of, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting – Grounds for termination by the Hong Kong Underwriters" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

June 17, 2014

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website www.hkeipo.hk(Note 2) . . . . 11:30 a.m. on Friday, June 20, 2014

Application lists open(Note 3) . . . . 11:45 a.m. on Friday, June 20, 2014

Latest time to lodge **WHITE**, **YELLOW** and **BLUE** application forms . . . . 12:00 noon on Friday, June 20, 2014

Latest time to give **electronic application instructions** to HKSCC(Note 4) . . . . 12:00 noon on Friday, June 20, 2014

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on Friday, June 20, 2014

Application lists close . . . . 12:00 noon on Friday, June 20, 2014

Expected Price Determination Date(Note 5) . . . . Friday, June 20, 2014

Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Offering;
- the level of applications of the Hong Kong Public Offering and the Preferential Offering; and
- the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares
- to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before . . . . Thursday, June 26, 2014

Announcement of results of allocation (with successful applicants' identification document numbers, where applicable) will be available through a variety of channels, including the websites of the Stock Exchange and our Company, as described in the section headed "How to apply for Hong Kong Offer Shares and Reserved Shares – Results of allocations" in this prospectus from . . . . Thursday, June 26, 2014

A full announcement of the Hong Kong Public Offering and the Preferential Offering containing the announcement and results of allocations will be published on the website of the Company at www.chinanewcity.com.cn and the Stock Exchange at www.hkexnews.hk from	Thursday, June 26, 2014
Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at www.tricor.com.hk/ipo/result with a "search by ID" function	Thursday, June 26, 2014
Despatch of share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications on or before(Note 6)	Thursday, June 26, 2014
Despatch of HK eIPO White Form e-Auto Refund Payment Instructions/Refund cheques in respect of wholly or partially unsuccessful applications on or before(Note 6, 7)	Thursday, June 26, 2014
Dealings in Offer Shares on the Stock Exchange to commence on	Friday, June 27, 2014

Notes:

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

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

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Friday, June 20, 2014, the application lists will not open on that day. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – D. Effect of bad weather on the opening of application lists" in this prospectus.

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

(5) Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, June 20, 2014 and, in any event, not later than 12:00 noon on Wednesday, June 25, 2014. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and lapse. Notwithstanding that the Offer Price may be fixed at below the maximum offer price of HK$2.92 per Share payable by applicants for Shares under the Hong Kong Public Offering and the Preferential Offering, applicants who apply for Shares must pay on application the maximum offer price of HK$2.92 per Share plus the brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

(6) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares/Reserved Shares and have provided all information required by their Application Forms may collect (where applicable) Refund cheques and/or (where applicable) share certificates in person from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014 or any other date notified by us as the date of despatch of share certificates and Refund cheques. Applicants being individuals who opt for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporations stamped with the corporations' chops. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. Uncollected share certificates and Refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms shortly thereafter. If you have applied for less than 1,000,000 Hong Kong Offer Shares/Reserved Shares, your share certificates (if applying by using a **WHITE** and/or **BLUE** Application Form) and/or Refund cheques will be sent to the address on the Application Form on Thursday, June 26, 2014 by ordinary post and at your own risk. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares". **Share certificates will only become valid certificates of title provided that the Hong Kong Public Offering has become unconditional and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be at around 8:00 a.m. on Friday, June 27, 2014.** For applicants who apply by giving electronic application instructions, the relevant arrangements are set forth under the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

(7) Refund payment will be made in respect of wholly or partially unsuccessful applications and in respect of successful applications in the event that the Offer Price is less than the initial price per Offer Share payable on application.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, you should refer to the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

A **BLUE** Application Form is being despatched to each Qualifying Zhong An Shareholder with an Assured Entitlement together with a copy of this prospectus. Printed copies of this prospectus are also available at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, during business hours at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. on Tuesday, June 17, 2014 and 12:00 noon on Friday, June 20, 2014 for exclusive collection by Qualifying Zhong An Shareholders. Qualifying Zhong An Shareholders may also collect printed copies of this prospectus from the receiving bank, details of which are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – B. Applications for Reserved Shares" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by China New City Commercial Development Limited solely in connection with the Hong Kong Public Offering and the Preferential Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares and Reserved Shares offered by this prospectus. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

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

Page

CONTENTS

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

Our Business

We are a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region. Our business is comprised of three main areas: (i) sale of properties; (ii) property leasing and property management; and (iii) hotel operation. In the future, we will also expand into the business of land development and other urbanization related businesses and services in different towns and counties in the PRC by entering into cooperation agreements with local government authorities in the PRC. For further information relating to our expansion into land development and other urbanization related businesses and services, please see the sections headed "Business – Our Business Strategies – We will expand our business into land development and other urbanization related businesses and services to capture development opportunities from the continued urbanization in the PRC", "Business – Recent Developments", and "Business – Land Development" on pages 249, 251 and 324 of this prospectus, respectively.

Our business model is to sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. We believe this business model allows us to diversify our sources and timing of our revenue. Going forward, we will continue to adopt this business model, although we expect to sell a greater amount of our commercial properties in the future as compared to our commercial property sales during the Track Record Period.

We believe our strength lies in our experience in developing and operating integrated commercial complexes, which provide the convenience of a one-stop solution with a mixture of hotels, retail shops, F&B, office buildings, serviced apartments, and other ancillary facilities. Our flagship project, Highlong Plaza, has become a well-recognized integrated commercial complex in Xiaoshan district in Hangzhou consisting of three hotels, a shopping mall and offices. As of December 31, 2013, we had developed and managed three additional integrated commercial complexes namely, Guomao Building, Integrated Service Center and Hidden Dragon Bay in Xiaoshan Hangzhou, and have plans to develop three more namely, International Office Center, Zhong An Times Square and Jia Run Square. For further details, please see section headed "Business – Overview" starting on page 243 of this prospectus.

As of December 31, 2013, we operated one hotel, namely, Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店), and had plans to operate six additional hotels, two of which we expect will be managed by us under our "Run Zhou" or "潤洲" brand and the remaining four we expect will be managed by internationally-renowned hotel operators namely, Hilton (希爾頓), Fairmont (費爾蒙), JW Marriott (JW萬豪) and Swissôtel (瑞士酒店).

Moreover, we have plans to develop and operate serviced apartments in our International Office Center (Plot A3) project, which we expect will be managed by internationally-renowned property management companies, namely, Swissôtel（瑞士酒店）, Ascott Group（雅詩閣集團）and Fairmont（費爾蒙）.

The following table sets forth a breakdown of our revenue by source for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount (RMB '000)	*% of Revenue (Note 1)*	*Amount (RMB '000)*	*% of Revenue (Note 1)*	*Amount (RMB '000)*	*% of Revenue (Note 1)*
Sale of properties (Note 2)	79,429	37.6	40,291	22.7	787,267	84.9
Property leasing and property management fee income	70,769	33.4	79,097	44.5	84,659	9.1
Hotel operating income	61,286	29.0	58,279	32.8	55,815	6.0
Revenue before business tax and surcharge	211,484	100.0	177,667	100.0	927,741	100.0
Less: Business tax and surcharge	(13,719)	(6.5)	(13,344)	(7.5)	(51,899)	(5.6)
Revenue (Note 3)	197,765	93.5	164,323	92.5	875,842	94.4

Notes:

(1) Before business tax and surcharge.

(2) Revenue from sale of properties only and includes revenue from the sale of commercial properties (including retail units and car parking spaces).

(3) White Horse Noble Mansion was included in our projects as it is a residential project where all residential apartments have been pre-sold/sold prior to Reorganization, but with unsold ancillary shops (which, based on the building ownership certificates, are designated for "commercial" use) and car parking spaces. As a result, the holding company thereof was included as a member of our Group. As of December 31, 2013, there was a residential property, with a total GFA of 283 sq.m., available for sale due to the fact that the purchaser of such property did not complete their purchase. As of the Latest Practicable Date, the 283 sq.m. of residential units have been pre-sold as we have sold the property but have not yet delivered the property to the purchaser. The revenue generated from the sale of residential properties from White Horse Noble Mansion during the Track Record Period was RMB35.6 million, nil, and nil, respectively. All revenue generated from the sale of residential properties from our White Horse Noble Mansion project during the Track Record Period has been excluded in our financial statements due to its significance, nature of being residential properties and to avoid misleading investors as the Group focuses on commercial properties only. Our financial information has been prepared in accordance with IFRSs and the related financial information of the businesses and operations, which were not historically associated with commercial property development, leasing and hotel operation have been excluded from our financial information throughout the Track Record Period as such businesses and operations were distinct and identifiable and were operated autonomously. These operations were retained by the Remaining Zhong An Group pursuant to the Reorganization. Please see Appendix I to this prospectus for details. Please see the section headed "Business – Our Property Projects – White Horse Noble Mansion（白馬尊邸）– Completed project" of this prospectus for further information.

New White Horse Apartments was included in our projects as it is a residential project where all residential apartments have been sold, but with unsold car parking spaces. As a result, the holding company thereof was included as a member of our Group. No revenue was generated from the sales of residential properties from New White Horse Apartments during the Track Record Period. Please see the section headed "Business – Our Property Projects – New White Horse Apartments (新白馬公寓) – Completed project" of this prospectus for further information.

The following table sets forth a breakdown of costs of properties sold, both in aggregate and on a per sq.m. basis, by project for the period indicated:

Project	GFA sold and delivered (sq.m.)/number of car parking spaces	Cost of properties sold *(Note)*	Cost of properties sold per sq.m./per car parking space
		(RMB'000)	*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*
For the year ended December 31, 2011			
Landscape Garden Phase I	–/40	1,946	–/48.7
Landscape Garden Phase II	–/6	296	–/49.2
New White Horse Apartments	–/91	810	–/8.9
White Horse Noble Mansion	2,639/110	25,466	6.0/86.7
Total	2,639/247	28,518	6.0/51.0
For the year ended December 31, 2012			
Landscape Garden Phase I	–/4	183	–/45.8
Landscape Garden Phase II	–/7	279	–/39.9
New White Horse Apartments	–/45	408	–/9.1
White Horse Noble Mansion	2,248/30	13,280	5.2/51.2
Total	2,248/86	14,150	5.2/28.0
For the year ended December 31, 2013			
Landscape Garden Phase I	–/8	350	–/43.8
Landscape Garden Phase II	–	–	–
New White Horse Apartments	–/9	94	–/10.4
White Horse Noble Mansion	205/27	2,723	4.8/64.5
Hidden Dragon Bay	90,030/66	470,014	5.2/76.8
Total	90,235/110	473,181	5.2/65.9

Note: The cost of properties sold includes only commercial properties (including retail units and car parking spaces).

As of April 30, 2014, we had a total of 20 projects and units in two completed buildings located in Jiangsu province, Shanghai, Anhui Province and Zhejiang Province. The following table sets forth a summary of our property interests as of April 30, 2014:

Project	Location	Property type	Site area	Actual/ estimated construction commencement date (Note 1)	Actual/ estimated pre-sale commencement date	Actual/ estimated construction completion date (Note 1)	Total GFA/ Total planned GFA	Total GFA attributable to us
			(sq.m.)	*month/year*	*month/year*	*month/year*	*sq.m.*	*sq.m.*
Completed Projects								
Guomao Building	Hangzhou, Zhejiang Province	Integrated Commercial Complex	1,455	Feb 1996	–	Oct 1998	12,225	9,902
Integrated Service Center	Hangzhou, Zhejiang Province	Integrated Commercial Complex	2,979	Nov 2003	Aug 2004	Aug 2005	11,164	10,048
Highlong Plaza	Hangzhou, Zhejiang Province	Integrated Commercial Complex	30,933	Dec 2004	Dec 2004	Jan 2009	171,071	153,964
Landscape Garden (Phase I)	Hangzhou, Zhejiang Province	Residential with ancillary commercial component (Note 2)	53,260	Nov 2002	–	Sept 2005	14,104	12,694
Landscape Garden (Phase II)	Hangzhou, Zhejiang Province	Residential with ancillary commercial component (Note 2)	34,073	July 2004	–	Dec 2006	13,008	11,707
White Horse Noble Mansion	Hangzhou, Zhejiang Province	Residential with ancillary commercial component (Note 2)	73,514	Sept 2007	June 2008	Dec 2009	169,439	168,931
New White Horse Apartments	Hangzhou, Zhejiang Province	Residential with ancillary commercial component (Note 2)	62,800	May 2005	Apr 2006	Apr 2008	222,236	200,012
Xihu Guomao Center (Note 3)	Hangzhou, Zhejiang Province	Commercial	246	–	–	–	676	608
Hidden Dragon Bay	Hangzhou, Zhejiang Province	Integrated Commercial Complex	89,173	Apr 2010	Oct 2010	Apr 2013	241,695	223,568
La Vie (Note 4)	Shanghai	Commercial	171	–	–	–	341	307
Projects Under Development								
Zhong An Times Square (Phase I)	Yuyao, Zhejiang Province	Integrated Commercial Complex	65,159	Oct 2013	Jul 2014	Nov 2015	305,473	274,926
Zhong An Times Square (Phase II)	Yuyao, Zhejiang Province	Integrated Commercial – Residential Complex	71,519	July 2012	Sept 2013	Nov 2015	322,935	300,330
Hangzhou Qiandao Lake Run Zhou Resort Hotel	Hangzhou, Zhejiang Province	Hotel	112,593	Dec 2012	–	Oct 2015	37,028	37,028
International Office Center (Plot A3) (Note 5)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	39,060	Aug 2009	–	Dec 2014	328,367	328,367
Jia Run Square	Suzhou, Jiangsu Province	Integrated Commercial Complex	21,367	May 2013	Mar 2015	Dec 2016	251,391	113,126
Projects held for future development								
International Office Center (Plot A1) (Note 5)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	25,533	Jun 2014	–	Dec 2017	341,838	341,838
International Office Center (Plot A2) (Note 5)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	28,017	Jun 2014	–	Dec 2017	128,590	128,590
Cixi Ningbo Land	Ningbo, Zhejiang Province	Integrated Commercial Complex	49,804	Jan 2015	–	Mar 2017	159,510	143,559
Projects contracted to be acquired								
International Office Center (Plots B and C)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	207,390	–	–	–	1,098,065	1,098,065
Commercial portion of the Chaoyang Community Site	Hangzhou, Zhejiang Province	Integrated Commercial Complex	10,541	–	–	–	49,091	44,182
VC Hotel	Huaibei, Anhui Province	Hotel	60,768	–	–	–	67,061	67,061

Notes:

(1) Our Directors confirm that, as of the Latest Practicable Date, save for our International Office Center (Plot A3), Hangzhou Qiandao Lake Run Zhou Resort Hotel, Zhong An Times Square (Phase I) and Zhong An Times Square (Phase II) projects, the progress of the construction work of our properties under development was in accordance with our development schedule. For further details of the construction progress of these projects, please refer to the section headed "Business – Compliance with Relevant PRC Regulations and Requirements" on page 361 of this prospectus.

(2) Please refer to the section headed "Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group" in this prospectus for further information regarding business delineation between our Group and the Remaining Zhong An Group.

(3) Our Xihu Guomao Center property interests consist of three units we acquired in the building.

(4) Our La Vie property interests consist of one floor we acquired in the building.

(5) Our IOC project is not intended for sale even though the Company has satisfied all the prerequisite requirements for obtaining the pre-sale and sale permit.

For further information regarding our projects, please see the section headed "Business – Our Property Projects" on page 270 of this prospectus.

The following table sets forth an overview of our completed investment properties:

Project	Total GFA held for investment *(Note 1)*	Leasable area as of December 31, 2013 *(Note 1)*	Effective leased area as of December 31, 2013	Occupancy rate for the year ended December 31, 2013	Land certificate expiry date/ property ownership certificate expiry date	Weighted average lease expiry term as of December 31, 2013	Total rental income for the year ended December 31, 2013	Leased GFA by expiry of lease term as of December 31, 2013		
								2014	2015	2016 or later
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(%)*		*(years)*	*(RMB'000)*			
Guomao Building	12,225	12,225	7,667	62.7	Jan 2047	10.5	5,193	646	579	6,442
Integrated Service Center	5,913	5,913	4,678	71.8	Mar 2051	3.8	2,537	–	2,949	1,728
Highlong Plaza	105,599	105,599	93,028	89.1	June 2051	3.0	69,095	17,802	21,366	53,860
Landscape Garden (Phase I and II)	10,885	10,885	8,780	79.6	Dec 2071	3.7	1,018	153	4,345	4,282
La Vie *(Note 2)*	341	341	341	100.0	Apr 2054	2.8	754	–	–	341
Hidden Dragon Bay	24,328	24,328	17,602	32.5	Jul 2044	8.8	3,319	–	–	17,602

Notes:

(1) When leasing properties to our tenants, we use the total GFA held for investment to calculate the portion to be leased to each tenant.

(2) Our La Vie property interests consist of one floor we acquired in the building.

Our Competitive Strengths

We believe that the following strengths enable us to compete effectively in the commercial real estate markets in China:

- We are a regional player with established presence and experience in developing integrated commercial complexes;
- We have an established business model where we strategically retain long-term ownership of selected properties for recurring rental income and sell a mix of commercial properties for capital growth;
- We have a scalable business with replicable business model;
- We have established long-term relationships with well-recognized brands;
- We have close cooperation with local governments; and
- We have an experienced and stable management team.

Our Business Strategies

We believe the following strategies will enable us to successfully expand our operations:

- We will continue to enhance our property operation service and hotel service capabilities to further increase the attractiveness and value of our properties;
- We will continue to optimize tenant mix and increase recurring rental income;
- We will continue to maintain a mix of developments for sale and developments for investment purposes;
- We will promote our brand recognition across China; and
- We will expand our business into land development and other urbanization related businesses and services to capture development opportunities from the continued urbanization in the PRC.

For further information regarding our strengths and strategies, please see the sections headed "Business – Our Competitive Strengths" on page 245 of this prospectus, "Business – Our Business Strategies" on page 248 of this prospectus, and "Risk Factors – We may not be successful in expanding our business into land development and other urbanization related businesses and services in the PRC" on page 48 of this prospectus, respectively.

PROPOSED SPIN-OFF AND INDEPENDENCE FROM ZHONG AN

The Listing is a Spin-off which involves spinning-off our Group from Zhong An, by way of a separate listing of the Shares on the Stock Exchange. Zhong An has been listed on the Main Board of the Stock Exchange (stock code: 00672) since November 2007. The Board believes that the separate listing creates a more defined business focus for our Group and allows the respective management of Zhong An and our Group to efficiently allocate their resources to their respective businesses. For further information regarding the reasons for the Spin-off, please see the section headed "History, Reorganization and Corporate Structure – The Spin-off" on page 241 of this prospectus.

After completion of the Spin-off, our Group will focus on commercial property development (which includes serviced apartments and hotels) and will expand our business into land development and other urbanization-related businesses and services in the PRC and the Remaining Zhong An Group will focus on residential property development in the PRC. As such, Zhong An and our Company have entered into the Non-compete Undertakings to address potential conflicts of interests between the Remaining Zhong An Group and our Group and to delineate their respective businesses. Regarding the development of commercial-residential complexes, without affecting our Group's and the Remaining Zhong An Group's obligations under the Non-compete Undertakings, our Group and the Remaining Zhong An Group will either separately bid for their respective commercial and residential parts of the development, or (where not feasible) we will not bid for the land unless we have been invited by, and have agreed on the terms and conditions with, the Remaining Zhong An Group in accordance with the mechanism as referred to in the section headed "Relationship with our Controlling Shareholders – Non-compete Undertakings – Joint property development on mixed commercial-residential use land projects" of this prospectus. Furthermore, after Listing, our Group and the Remaining Zhong An Group will not participate in developments of mixed commercial-residential use land if the relevant land use rights cannot be separated into a commercial portion and a residential portion, and the land use rights certificates cannot be issued specifically for commercial or residential use, such as projects similar to Zhong An Times Square (Phase II), whereby a residential complex is located above a commercial podium. This is to ensure clear business delineation between our Group and the Remaining Zhong An Group in terms of ownership in land, and to avoid any undue reliance by our Group on the Remaining Zhong An Group or third party developers in the residential development on the same piece of the land, and vice versa. For more information, please see section headed "Relationship with our Controlling Shareholders – Independence from our Controlling Shareholders." on page 380 of this prospectus.

CONTINUING CONNECTED TRANSACTIONS

Upon Listing, we will engage in certain continuing connected transactions (as defined in the Listing Rules), which will include (but are not limited to): (i) the lease of office premises by our Group to Hangzhou Danube; (ii) the provision of property management services by Zhong An Management to our Group for the Hidden Dragon Bay project; (iii) the Pre-opening Management Agreement for the provision by our Group of management and supervision of the ongoing construction and development of VC Hotel to Anhui Zhong An Real Estate; and (iv) the Cooperation Agreement for the provision by Yuyao Zhong'an Property of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion to our Group. For further details regarding our continuing connected transactions, please see the section headed "Continuing Connected Transactions" on page 402 of this prospectus.

PRC GOVERNMENT AUSTERITY MEASURES IN THE PROPERTY MARKET

The PRC Government has put in place certain policies relating to commercial property development which are intended to control the substantial increase in property prices in the PRC. These policies primarily relate to (i) limitations on financing payment of land grant consideration and (ii) limitations on parties who are eligible to participate in the land bidding process. For details of the aforesaid regulations, please refer to the section headed "Laws and Regulations Relating to the Industry" in this prospectus.

Our Directors are of the view that these policies did not and would not have any material adverse impact on our business operations on the basis that (i) we had not encountered any difficulty in obtaining bank loans during the year ended December 31, 2013 and that the limitations on financing payment of land grant consideration did not have any material adverse impact on us; and (ii) we did not encounter any difficulty in obtaining new land during the Track Record Period. Our Company is of the view that there has been no material adverse changes in the PRC laws and regulations in relation to the business of our Group or the market and operating environment in which our Group operates in the recent months.

HISTORICAL NON-COMPLIANCE INCIDENTS

We failed to fully comply with certain applicable PRC laws and regulations, which had resulted in certain non-compliance incidents during the Track Record Period, in the areas of (A) Delay in commencement of construction; (B) Delay in completion; (C) Commencement of construction before obtaining the relevant construction permit; (D) Engaging in property management and property development services without having obtained the necessary qualification certificates; and (E) Obtaining construction permit without having obtained the relevant fire safety design approval. For details of the non-compliance incidents including reasons and remedial and preventive measures, please refer to the section headed "Risk Factors – We were not in full compliance with all applicable PRC laws and regulations relating to the development of our projects and operations" on page 47 of this prospectus and "Business – Compliance with Relevant PRC Regulations and Requirements" on page 361 of this prospectus.

SUMMARY FINANCIAL INFORMATION

We maintained a profitable operation during the Track Record Period. For the year ended December 31, 2013, our net profit was RMB395.8 million, representing an increase of RMB309.3 million, or 4.6 times from RMB86.5 million for the year ended December 31, 2012.

Our revenue increased by 433.0% to RMB875.8 million in the year ended December 31, 2013, from RMB164.3 million in the year ended December 31, 2012 primarily due to the significant increase in sales of properties in relation to our Hidden Dragon Bay project as the revenue from the sale of properties accounted for 84.9% of total revenue before business tax and surcharge in the year ended December 31, 2013 as compared to 22.7% in the year ended December 31, 2012. For the same reason, the gross profit margin decreased from 70.5% to 42.1% in the year ended December 31, 2013 as the gross profit margin for property sales are generally lower than the gross margins of our property leasing and property management income and hotel operating income. The fluctuation in net profit during the Track Record Period is due to the changes in fair value gain upon transfer to investment properties and changes in fair value of investment properties as a result of the different development cycle of our properties and property mix. For further details, please see the section headed "Financial Information" of this prospectus.

The fair value gains of investment properties accounted for a substantial portion of our net profit during the Track Record Period, which may, however, fluctuate from time to time. For details, please refer to the section headed "Risk Factors – Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties" on page 42 of this prospectus.

Valuation of our properties

CBRE Limited, an independent property valuer, valued our property interests as of April 30, 2014. Please see the section headed "Property Valuation" in Appendix III to this prospectus for further information. Based on such review, the aggregate value of our property interest as of April 30, 2014 was approximately RMB17.0 billion.

Our property interests held for investment as of April 30, 2014 were valued at approximately RMB2.5 billion. CBRE Limited valued such property interests by the direct comparison approach and the income approach. Where properties are located in areas with numerous comparable companies in the market and transactions take place frequently, the direct comparison approach is used as it would be the most suitable and reliable method. Also, investment properties are held for generating rental income and/or for capital appreciation, the current rental income would be taken into consideration and appropriate yield rate would be applied to derive present market value, therefore, besides the direct comparison approach, income approach would also be a suitable method. Since comparison approach and income approach are both reliable, equal weighting are applied to derive the final value. The final value is calculated by adding the values derived from the direct comparison approach and income approach and dividing by two.

Our property interests held for sale and occupation as of April 30, 2014 were valued at approximately RMB2.9 billion. CBRE Limited valued such property interests by the direct comparison approach.

Our property interests held under development as of April 30, 2014 were valued at approximately RMB8.1 billion. CBRE Limited valued such property interests by the direct comparison approach, making reference to land comparable evidence as available in the relevant markets at the date of valuation and also took into account the development costs already spent and to be spent to reflect the quality of the completed development.

Our property interests held for future development as of April 30, 2014 were valued at approximately RMB3.5 billion. CBRE Limited valued such property interests by the direct comparison approach by making reference to land sales as available in the relevant markets.

In conducting the valuation, CBRE Limited relied on information provided by our Group and our PRC legal adviser in relation to title of properties and was under the assumption that the properties under development will be completed as planned. Investors are advised that the appraised values of our property interests should not be taken as their actual realizable value or a forecast of their realizable value. Please see the section headed "Risk Factors – Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties".

Settlement of amount due to and from the Remaining Zhong An Group

As at April 30, 2014, there was a net amount of approximately RMB91.8 million due to our Group in the PRC from our related parties in the PRC, all being members of the Remaining Zhong An Group. Such amount has been fully settled partly by cash and the remaining amount by assignment and set-off as at the Latest Practicable Date.

As at April 30, 2014, there was a net amount of approximately RMB963.5 million due from our Group to our related parties outside the PRC, all being members of the Remaining Zhong An Group. Such net amount has been fully settled by way of issuance of new Shares by our Company as part of the Reorganization. Please refer to the paragraph headed "The Reorganization" under the section headed "History, Reorganization and Corporate Structure" for further details for the novation, assignment and set-off of offshore debts and capitalization issue and the assignment and set-off of onshore debt.

Selected Combined Statements of Comprehensive Income

	For the year ended December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	197,765	164,323	875,842
Cost of sales	(63,598)	(48,481)	(506,994)
Gross Profit	134,167	115,842	368,848
Other income and gains	32,969	4,231	14,178
Selling and distribution costs	(44,341)	(29,473)	(32,822)
Administrative expenses	(51,035)	(59,256)	(69,114)
Other expenses	(807)	(137)	(1,494)
Fair value gain upon transfer to investment properties	–	–	256,292
Change in fair value of investment properties	152,630	61,700	60,600
Finance costs	(10,928)	(1,105)	–
Share of profits and losses of:			
Joint ventures	(97)	(1,007)	(2,409)
An associate	98,573	24,378	13,937
Profit before tax	311,131	115,173	608,016
Income tax expense	(60,402)	(28,713)	(212,232)
Profit for the year	250,729	86,460	395,784
Attributable to:			
Owners of the parent	234,070	79,118	364,623
Non-controlling interests	16,659	7,342	31,161
	250,729	86,460	395,784

Profit for the year (excluding fair value gains and relevant deferred taxes) *(Note)*:

Profit for the year (excluding fair value gains and relevant deferred taxes)	136,257	40,185	158,115
Attributable to:			
Owners of the parent	131,788	37,700	146,139
Non-controlling interests	4,469	2,485	11,976

Note: The following financial information presented under the heading "Profit for the year (excluding fair value gains and relevant deferred taxes)" is not prepared pursuant to IFRS.

Selected Statements of Financial Position Line Items

	As of December 31,		
	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Current assets	2,732,471	3,514,137	2,895,208
Current liabilities	4,433,542	5,346,114	3,607,267
Net current liabilities	(1,701,071)	(1,831,977)	(712,059)

Selected Combined Statements of Cash Flows Line Items

	For the year ended December 31,		
	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Selected cash flow statement data			
Net cash generated from/(used in) operating activities	(548,783)	76,580	(714,206)
Net cash generated from/(used in) investing activities	(416,821)	(335,155)	1,267,258
Net cash generated from/(used in) financing activities	819,537	288,674	(507,839)
Net increase/(decrease) in cash and cash equivalents	(146,067)	30,099	45,213
Cash and cash equivalents at the end of the year	149,408	179,500	223,993

Selected Major Financial Ratios

	Year ended December 31,		
	2011	2012	2013
Return on total assets (%) *(Note 1)*	3.2%	1.0%	4.4%

	As of December 31		
	2011	2012	2013
Current ratio *(Note 2)*	*0.6*	*0.7*	*0.8*
Gearing ratio *(Note 3)*	56.3%	62.8%	95.8%

Notes:

(1) Return on total assets for the years ended December 31, 2011, 2012 and 2013 is calculated by dividing profit for the year by total assets.

(2) Current ratios as of December 31, 2011, 2012 and 2013 is calculated by dividing total current assets by total current liabilities.

(3) Gearing ratios as of December 31, 2011, 2012 and 2013 is calculated by dividing total interest-bearing bank and other borrowings by total equity.

Net current liabilities decreased as of December 31, 2013 from as of December 31, 2012 primarily due to the increase in our completed property held for sale in large part as a result of the completion of serviced apartments from our Hidden Dragon Bay project in April 2013. Net current liabilities increased as of December 31, 2012 from as of December 31, 2011 primarily due to an increase in advances from customers and in interest-bearing bank and other borrowings primarily for continued construction of our properties under development. We had net cash used in operating activities largely due to the development of our Zhong An Times Square (Phase I), Hidden Dragon Bay, and International Office Center projects. Our gearing ratio increased during the Track Record Period primarily as a result of the construction of our Hidden Dragon Bay and International Office Center projects.

Please see the risk factors headed "Risk Factor – We experienced net cash outflows from operating activities in 2011 and 2013" and "Risk Factor – We maintain a substantial level of indebtedness and had net current liabilities during the Track Record Period, which may affect our business, financial condition, results of operations and prospects" on pages 44 and 45 of this prospectus, respectively, for further information.

RECENT DEVELOPMENTS

Since December 31, 2013 and up to the Latest Practicable Date, we had the following recent developments:

- **Acquisition of the Qiandao Lake Land** – Pursuant to the Qiandao Lake LURC entered with Chunan County Land Resource Bureau, we acquired the Qiandao Lake Land at a price of RMB5,746,548 on May 28, 2014. The Qiandao Lake Land is designated for commercial development with a total site area of 6,805 sq.m..

- **Expansion into urbanization related businesses and services** – In order to capture the business and development opportunities arising from the continued urbanization of towns and counties in the PRC, particularly in relation to those towns and counties the lands of which are to be developed by the Group, Zhongan Construction, an indirect non-wholly owned subsidiary of our Company, has entered into (i) the Town Urbanization MOUs on April 21 and 22, 2014, for the proposed cooperation in relation to the modernization of the agricultural industry in Tonglu County and Taizhou, the introduction of Japanese agricultural industry knowledge and techniques into the PRC, the supply of agricultural products, the provision of elderly management services in new towns in the PRC, and the development of land in Lubu Town and the provision of related assistance in the planning of the development thereof; and (ii) a cooperation agreement with China Development Bank on April 24, 2014, in relation to the investment in, and the financing of the urbanization and development of new towns in Zhejiang Province, PRC.

- **Acquisition of the commercial portion of Chaoyang Community Site** – Pursuant to the Chaoyang Community LURC and the Supplemental Chaoyang Community Commercial LURC entered with Hangzhou Land Bureau and Hangzhou Xiaoshan Government, we acquired the commercial portion of the

Chaoyang Community Site at a price of RMB220,917,000 on April 3, 2014. The Chaoyang Community Site is designated for residential and commercial development, with separate portion for the respective part, and with a total site area of 46,703 sq.m. (36,162 sq.m. for residential purposes and 10,541 sq.m. for commercial purposes).

- **Establishment of Tonglu Development JV** – Pursuant to the Tonglu Town Cooperation Agreement, on March 31, 2014, we established Tonglu Development JV with Tonglu Tourism through which we plan to develop the Tonglu New Town Site. Tonglu Development JV is expected to be engaged in the development of the Tonglu Town Project, which includes, among others, systematic land development and construction of Tonglu New Town Site, the master planning for the construction of tourism attraction, hotels, wellness and elderly facilities, as well as planning for the provision of resorts, leisure, medical and related services on the Tonglu New Town Site.

- **Land Acquisition Agreement and Pre-opening Management Agreement** – As part of the Reorganization, on March 20, 2014, we entered into the Land Acquisition Agreement pursuant to which Anhui Zhong An Real Estate will sell the land on which the VC Hotel is situated together with the buildings under construction thereon to us at a consideration of RMB234 million. As a transitional arrangement pending completion of the Land Acquisition Agreement, on March 20, 2014, we also entered into the Pre-opening Management Agreement with Anhui Zhong An Real Estate pursuant to which we have been appointed the exclusive project manager for the provision of overall management and supervision of the ongoing construction and development of VC Hotel by Hefei Holiday Inn.

- **Cooperation Agreement** – As part of the Reorganization, on March 16, 2014, we entered into the Cooperation Agreement with Yuyao Zhong'an Property, an indirect non-wholly owned subsidiary of Zhong An, pursuant to which Yuyao Zhong'an Property was appointed as the exclusive project manager for the provision of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion by Yuyao Zhong'an Property.

Pursuant to the Cooperation Agreement which became effective on March 16, 2014, the Remaining Zhong An Group is and will be solely responsible for the ongoing development and sales of the Times Square Residential Portion, and is and will be entitled to the net economic benefit of the Times Square Residential Portion. On this basis, we are of the view that all risks of the Times Square Residential Portion have been transferred to the Remaining Zhong An Group. According to the prevailing International Financial Reporting Standards (IAS 18 IE Revenue recognition principal versus agent), we will derecognize the Times Square Residential Portion in the statement of financial position of our Group. The proceeds from the pre-sales of the Times Square Residential Portion received or to be received by us on behalf of the Remaining Zhong An Group will be recorded as due to related parties in the statement of financial position of our Group, while the cost, expense and tax paid or to be paid by us on behalf on the Remaining Zhong An Group (which will be reimbursed and indemnified by the Remaining Zhong An Group to us) will be recorded as due from related parties in the statement of financial position of our Group. The gross up revenue and cost of sales of the Times Square Residential Portion will not be recognized by us as our revenue and cost of sales, but will be recognized as the gross up revenue and cost of sales of the Zhong An Group in the consolidated financial statements of Zhong An instead, given that the Remaining Zhong An Group has the primary responsibility for developing, selling and delivering property to purchasers of the Times Square Residential Portion in fulfilling the pre-sales contract. Please refer to the sections headed "Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group" and "Continuing Connected Transactions" for further details of the Cooperation Agreement.

- **Acquisition of New Cixi Zhongan** – On March 3, 2014, following the demerger of Cixi Property Development, we acquired the entire equity interest of New Cixi Zhongan which holds Cixi Ningbo Land (commercial land with a site area of 49,804 sq.m.) at a consideration of RMB50 million, from Zhejiang Zhong An, a member of the Remaining Zhong An Group.

For further information, please see the section headed "Business – Recent Developments" on page 251 of this prospectus.

The following table sets forth certain of our unaudited consolidated financial information for the four months ended April 30, 2013 and April 30, 2014, respectively. Our Directors are responsible for the preparation and fair presentation of our unaudited consolidated financial statements of our Group for the four months ended April 30, 2013 and April 30, 2014 from which our revenue and gross profit are extracted for the respective period, respectively, in accordance with International Financial Reporting Standard ("IFRS"). Our unaudited consolidated financial statements for the four months ended April 30, 2014 have been reviewed by our reporting accountants, Ernst & Young, in accordance with the Hong Kong Standard on Review Engagements 2410 *"Review on Financial Information Performed by the Independent Auditor of the Entity"* issued by the HKICPA.

	For the four months ended April 30, 2013	**For the four months ended April 30, 2014**
	(unaudited, RMB in millions, except percentage)	*(unaudited, RMB in millions, except percentage)*
Revenue	181.3	73.3
Gross Profit	84.9	46.9
Gross Profit Margin	46.8%	64.0%

Our Directors confirm that, except as otherwise disclosed in this prospectus, since December 31, 2013 and up to the date of this prospectus, there had been (i) no material adverse change in our financial or trading position or prospects and no event had occurred that would materially and adversely affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus; and (ii) no material adverse change in the general economic and market conditions in the PRC, that had materially and adversely affected our business operations or financial condition.

Our financial results were subject to fluctuations during the three years ended December 31, 2013 due to the different development cycle of our properties and property mix such as the proportion of properties for sale and rental income from investment properties. Other factors such as the timing of pre-sale, project completion, actual delivery of properties, changes in fair value gain upon transfer to investment properties and changes in fair value of investment properties may also affect our financial results from time to time. For details, please see the section headed "Financial Information – Significant Factors Affecting Our Results of Operations" on page 438 of this prospectus.

Based on the unaudited consolidated financial information of the Group for the four months ended April 30, 2014, as compared to the same period in 2013, revenue for the four months ended April 30, 2014 was significant lower than for the four months ended April 30, 2013. This was primarily because we started to recognize revenue from the sale and pre-sale of properties from our Hidden Dragon Bay project in April 2013, upon its completion in the same month. In addition, we had recorded an increase in selling and distribution costs in the four months ended April 30, 2014, mainly as a result of an increase in advertising and promotional expenses relating to our Zhong An Times Square (Phase II) project, as well as an increase in administrative expenses from staff costs, travel expenses and consultancy fees. The occurrence of these factors subsequent to December 31, 2013 may adversely affect our revenue and profitability in the near term. Save as aforesaid, our Directors are not aware of any other events or circumstances subsequent to December 31, 2013 that would cause any material adverse change in our business and operations going forward. For details, please refer to the section headed "Risk Factors – Our results of operations largely depend on the development schedules and pre-sales of our projects and may therefore vary significantly from year to year" on page 42 of this prospectus.

LISTING EXPENSES

The total estimated listing expenses (excluding underwriting fees and commissions) in connection with the Global Offering is approximately RMB42.3 million, of which approximately RMB14.2 million is directly attributable to the issue of new shares and to be accounted for as a deduction from the equity and approximately RMB28.1 million, being 66.4% of RMB42.3 million is to be charged to the consolidated statement of comprehensive income. For the year ended December 31, 2013, we incurred listing expenses of approximately RMB8.6 million for legal and other professional fees, all of which were charged to our administrative expenses for the year ended December 31, 2013. We expect to incur additional listing expenses for legal and other professional fees of approximately RMB33.7 million, of which RMB19.5 million is estimated to be recognized as administrative expenses in the year ending December 31, 2014. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2014.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$2.12 per share	Based on an Offer Price of HK$2.92 per share
Market capitalization of our Shares (Note 1)	HK$3,684.6 million	HK$5,075.0 million
Unaudited pro forma adjusted combined net tangible assets value attributable to owners of the Company (Note 2)	HK$2.22	HK$2.43

Notes:

(1) The calculation of the market capitalization is based on the assumption that 1,738,000,000 Shares will be in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The unaudited pro forma adjusted combined net tangible assets per Share is calculated after the adjustments referred to in the section headed Appendix II of this prospectus and on the basis that 1,738,000,000 Shares will be in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

USE OF PROCEEDS

Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.52 per Offer Share (being the mid-point of the indicative Offer Price range), the net proceeds of the Global Offering will be approximately HK$1,096.6 million. We currently intend to apply these net proceeds for the following purposes:

Amount	Percentage of the total estimated net proceeds	Intended use of the net proceeds
(HK$ in millions)		
767.6	70.0%	Finance the construction and development of our International Office Center project
219.3	20.0%	Finance the construction and development of our other projects
109.7	10.0%	Working capital and other general corporate purposes

For further information, please see the section headed “Future Plans and Use of Proceeds – Proposed Use of Net Proceeds from the Issue of Shares” on page 510 of this prospectus.

DIVIDEND POLICY

In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Board currently intends to distribute to our Shareholders as dividends no more than 20% of our distributable profit for each of the years ending December 31, 2014 and each year thereafter, however, we will re-evaluate our dividend policy annually. For further information, please see the section headed "Financial Information – Dividend Policy and Distributable Reserves" on page 504 of this prospectus.

RISK FACTORS

There are certain risks involved in our business operations and industry, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business, including without limitation, the risk that we may not be successful in expanding our business into land development and other urbanization related businesses and services in the PRC, (ii) risks relating to the PRC real estate and hotel industry, (iii) risks relating to the PRC, and (iv) risks relating to the Global Offering. For more details, please see the section headed "Risk Factors" in this prospectus.

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

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Anhui Zhong An Real Estate"	Anhui Zhong An Real Estate Development Co., Ltd.* (安徽眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on August 9, 2001 and an indirect wholly owned subsidiary of Zhong An
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s), **GREEN** application form(s) and **BLUE** application form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company, adopted on May 31, 2014 and as amended from time to time
"associates"	has the meaning ascribed thereto under the Listing Rules
"Assured Entitlements"	the entitlement of a Qualifying Zhong An Shareholder to apply for Reserved Shares under the Preferential Offer on the basis of 20 Reserved Shares for every whole multiple of 1,000 Zhong An Shares held by each Qualifying Zhong An Shareholder at 4:30 p.m. on the Record Date
"Baita New Town"	Baita New Town (白塔新城), the new town to be developed on the Baita New Town Site in accordance with the Xianju County People's Government approval letter of the overall planning of Baita Town (2010-2020) *(Xianju Government No. 64 of 2011)*
"Baita New Town Site"	the site for the development of Baita New Town covering a total of approximately 10 square kilometers of land

"Baita Town Cooperation Agreement"	the cooperation agreement entered into between Baita Town Government and Zhong An Shenglong dated November 15, 2013, as supplemented by a supplemental agreement dated June 6, 2014 and entered into between Baita Town Government, Zhong An Shenglong and Zhongan Construction, in relation to the establishment of Baita Development, particulars of which are set out in the section headed "Business – Land Development" in this prospectus
"Baita Town Government"	The People's Government of Baita Town* (仙居縣白塔鎮人民政府), Xianju County, Taizhou, Zhejiang Province, PRC, and an Independent Third Party
"BLUE Application Form(s)"	the application form(s) to be sent to the Qualifying Zhong An Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
"Board of Directors" or "Board"	the board of directors of our Company
"Business Day"	any day (other than Saturday and Sunday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
"BVI"	the British Virgin Islands
"Capitalization Issue"	the issue of 1,267,000,000 Shares to be made upon capitalization of an amount of HK$126,700,000 standing to the credit of the share premium account of our Company referred to under "Further information about our Company and our subsidiaries – 3. Resolutions in writing of our sole Shareholder passed on May 31, 2014" in Appendix V to this prospectus
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Chaoyang Community LURC"	the contract for the grant of land use right of State-owned land* (國有建設用地使用權出讓合同) entered into between Zhejiang Zhong An, Hangzhou Land Bureau and Hangzhou Xiaoshan Government dated April 3, 2014 in respect of the Chaoyang Community Site
"Chaoyang Community Site"	a parcel of land situated at Chaoyang Community, Shushan Street, east to Shixin Road, south to Shiyanshan River, west to Xihe Road and north to Nansi Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC
"China Development Bank Cooperation Agreement"	a cooperation agreement entered into between China Development Bank, an Independent Third Party, and Zhongan Construction dated April 24, 2014, in relation to the investment in, and financing of, the development of new towns in Zhejiang Province, PRC
"Chunan Minfu"	Chunan Minfu Property Co., Ltd.* (淳安民福旅遊置業有限公司), a limited liability company invested by foreign invested enterprise established under the laws of the PRC on October 24, 2003 and an indirect wholly owned subsidiary of our Company
"Circular 698"	the Notice on Strengthening the Administration of Enterprises Income Tax on Income From Transfers of Equity Interests by Non-resident Enterprises《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》issued by the SAT on December 10, 2009
"Cixi Ningbo Land"	the parcels of land in Longsan New Town, Cidong Binhai District of Cixi Ningbo (commercial portion)
"Cixi Property Development"	Cixi Zhong An Property Development Co., Ltd.* (慈溪衆安房地產開發有限公司), a limited liability company established under the laws of the PRC on February 28, 2013, and an indirect non-wholly owned subsidiary of Zhong An

"Company", "our Company", "we" or "us"	China New City Commercial Development Limited (中國新城市商業發展有限公司), a company incorporated on July 2, 2013 with limited liability under the laws of the Cayman Islands
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of our Company immediately after the Global Offering and the Capitalization Issue, being Ideal World, Zhong An, Whole Good and Mr. Shi, and each a "Controlling Shareholder". Please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus for further details
"Cooperation Agreement"	a cooperation agreement entered into between Yuyao Zhong'an Property and Yuyao Times Square Property dated March 16, 2014 in respect of the appointment of Yuyao Zhong'an Property as an exclusive project manager for the provision of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion by Yuyao Zhong'an Property, particulars of which are set out in the section headed "Continuing Connected Transactions" in this prospectus
"Director(s)"	the director(s) of our Company
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering, the Preferential Offering and the International Offering

"GREEN Application Form(s)"	the application form(s) to be completed by the HK eIPO White Form Service Provider, designated by our Company
"Group", "our Group", "we" or "us"	our Company and its subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their predecessors
"Hangzhou Danube"	Hangzhou Danube Real Estate Co., Ltd.* (杭州多瑙河置業有限公司), a limited liability company established under the laws of the PRC on March 7, 2003, an indirect non-wholly owned subsidiary of Zhong An
"Hangzhou Dehong"	Hangzhou Dehong New Constructions Materials Management Co., Ltd.* (杭州德宏新型建材有限公司), formerly known as Hangzhou Dehong Investment Management Co., Ltd.* (杭州德宏投資管理有限公司), a wholly foreign owned enterprise established under the laws of the PRC on February 1, 2008 and an indirect wholly owned subsidiary of our Company
"Hangzhou DRC"	Hangzhou Development and Reform Commission
"Hangzhou Fukai Management"	Hangzhou Fukai Management Co., Ltd* (杭州富凱企業管理有限公司), a limited liability company established under the laws of the PRC on March 2, 2011 and an indirect non-wholly owned subsidiary of our Company
"Hangzhou Huihong"	Hangzhou Huihong Investment Management Co., Ltd.* (杭州匯宏投資管理有限公司), a wholly foreign owned enterprise established under the laws of the PRC on February 19, 2008 and an indirect wholly owned subsidiary of our Company
"Hangzhou Huijun"	Hangzhou Huijun Information Technology Co., Ltd.* (杭州匯駿信息技術有限公司), a wholly foreign owned enterprise established under the laws of the PRC on December 5, 2007 and an indirect wholly owned subsidiary of Zhong An
"Hangzhou Junjie"	Hangzhou Junjie Investment Co., Ltd.* (杭州駿杰投資管理有限公司), a wholly foreign owned enterprise established under the laws of the PRC on December 4, 2007 and an indirect wholly owned subsidiary of Zhong An

"Hangzhou Land Bureau"	Hangzhou Xiaoshan Branch of Land Resources Bureau (杭州市國土資源局蕭山分局), and an Independent Third Party
"Hangzhou Xiaoshan Government"	Shushan Street Office of the People's Government of Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (杭州市蕭山區人民政府蜀山街道辦事處), and an Independent Third Party
"Hangzhou Xiaoshan Holiday Inn"	Hangzhou Xiaoshan Zhong'an Holiday Inn Co., Ltd.* (杭州蕭山眾安假日酒店有限公司), a limited liability company established under the laws of the PRC on May 28, 2007 and an indirect non-wholly owned subsidiary of our Company
"Hangzhou Zheng Jiang"	Hangzhou Zheng Jiang Real Estate Development Co., Ltd.* (杭州正江房地產開發有限公司), a limited liability company established under the laws of the PRC on March 16, 2006 and an indirect non-wholly owned subsidiary of our Company
"Hangzhou Zhongqiang"	Hangzhou Zhongqiang Construction Co., Ltd.* (杭州眾強建築實業有限公司), a limited liability company established under the laws of the PRC on April 22, 1996, and a holder of 10% equity interest of Zhong An Property Development Xiaoshan, which is a 90% held subsidiary of our Company. The beneficial shareholders of Hangzhou Zhongqiang are Qi Xiaomin (戚小敏) and Chen Junmin (陳軍民), who are also beneficial shareholders of Xiaoshan Yunzhongxia, which holds 10% equity interest of Zhejiang Zhong An, which is an indirect non-wholly owned subsidiary of Zhong An
"Hefei Holiday Inn"	Hefei Zhong'an Holiday Inn Co., Ltd.* (合肥眾安假日酒店有限公司), a limited liability company invested by foreign invested enterprise established under the laws of the PRC on March 18, 2008 and an indirect wholly owned subsidiary of our Company
"Henlly Enterprise"	Henlly Enterprise Management (Hangzhou) Co., Ltd.* (恒利企業管理(杭州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on December 4, 2006 and a wholly owned subsidiary of our Company

"Highlong Commercial Buildings"	Hangzhou Zhong An Highlong Commercial Buildings Co., Ltd.* (杭州眾安恒隆商厦有限公司), a limited liability company established under the laws of the PRC on September 20, 2005 and an indirect non-wholly owned subsidiary of our Company
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HK eIPO White Form"	the application of Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk
"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Public Offering"	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Offer Shares"	the 46,800,000 Shares (subject to adjustment) being offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Underwriters"	the several underwriters of the Hong Kong Public Offering listed in the section titled "Underwriting – Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 16, 2014 relating to the Hong Kong Public Offering entered into among us, the Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters

"Huijun Construction"	Huijun Construction Materials Trading (Hangzhou) Co., Ltd.* (匯駿建材物資貿易(杭州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on July 16, 2008 and an indirect wholly owned subsidiary of our Company
"Huijun International"	Huijun (International) Holdings Limited (匯駿(國際)控股有限公司), a company incorporated in Hong Kong with limited liability on March 4, 2005 and a direct wholly owned subsidiary of our Company
"Huijun Property"	Zhejiang Huijun Real Estate Co., Ltd.* (浙江匯駿置業有限公司), a sino-foreign equity joint venture established under the laws of the PRC on April 1, 2005 and an indirect non-wholly owned subsidiary of our Company
"Ideal World"	Ideal World Investments Limited, a company incorporated in the BVI with limited liability on November 6, 2003 and a Controlling Shareholder
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	a party which is not connected (as defined in the Listing Rules) to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates
"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Shares, as further described in the section headed "Structure of the Global Offering"
"International Offer Shares"	the 373,847,300 Shares initially being offered by us for subscription at the Offer Price under the International Offering, subject to adjustment and re-allocation as described in the section headed "Structure of the Global Offering"
"International Underwriters"	the several underwriters of the International Offering expected to enter into the International Underwriting Agreement to underwrite the International Offering and the Preferential Offering

"International Underwriting Agreement"	the International Underwriting Agreement relating to the International Offering and to be entered into among us and the International Underwriters on or around the Price Determination Date
"Japanese Agricultural Industry Techniques MOU"	a non-legally binding memorandum of understanding entered into between Takasaki Corporation and Zhongan Construction dated April 22, 2014, in respect of the intention to cooperate to introduce Japanese agricultural industry knowledge and techniques into the PRC
"Jiangsu Jiarun"	Jiangsu Jiarun Real Estate Co., Ltd.*（江蘇嘉潤置業有限公司）, a limited liability company established under the laws of the PRC on September 9, 2011 and a joint venture of our Company
"Jiangsu Xiezhong"	Jiangsu Xiezhong Investment Co., Ltd.*（江蘇協眾投資有限公司）, a limited liability company established under the laws of the PRC on April 14, 2011 and a joint venture of our Company
"Joint Bookrunners" or "Joint Lead Managers"	BOCOM International Securities Limited, Haitong International Securities Company Limited, KGI Capital Asia Limited and GF Securities (Hong Kong) Brokerage Limited
"LAT"	land appreciation tax（土地增值稅）as defined in the Provisional Regulations of the PRC on Land Appreciation Tax and its implementation rules, as described in the section headed "Laws and Regulations Relating to the Industry"
"Land Acquisition Agreement"	a land acquisition agreement entered into between Hangzhou Huihong and Anhui Zhong An Real Estate dated March 20, 2014 in respect of the acquisition of the land on which the VC Hotel is situated together with the buildings under construction thereon, particulars of which are set out in the section headed "Business – Recent Developments – Land Acquisition and Pre-opening Management Agreement" in this prospectus
"Latest Practicable Date"	June 7, 2014, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date on which dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Lubu Town Government"	The People's Government of Lubu Town* (余姚市陸埠鎮人民政府), Yuyao, Zhejiang Province, PRC, and an Independent Third Party
"Lubu Town Urbanization MOU"	a non-legally binding memorandum of understanding entered into between Lubu Town Government and Zhongan Construction dated April 21, 2014, in respect of the intention to cooperate for the development of land in Lubu Town and the provision of related assistance in the planning of the development thereof
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"MLR"	The Ministry of Land and Resources of the PRC
"MOF"	The Ministry of Finance of the PRC
"MOFCOM"	The Ministry of Commerce of the PRC
"MOU"	non-binding memorandum of understanding
"Mr. Shi"	Mr. Shi Kancheng (施侃成) (alias Shi Zhongan (施中安), our Chairman, non-executive Director and a Controlling Shareholder
"NDRC"	the National Development and Reform Commission of the PRC
"New Cixi Zhongan"	Cixi Zhong An Real Estate Co., Ltd* (慈溪眾安置業有限公司), a limited liability company and an indirect non-wholly owned subsidiary of our Company established under the laws of the PRC on December 6, 2013 pursuant to the demerger of Cixi Property Development, its predecessor company
"New EIT Law"	the New Enterprise Income Tax Law of the PRC 《中華人民共和國企業所得税法》 promulgated on March 16, 2007 and came into effect from January 1, 2008

"Non-compete Undertakings"	the deed of non-compete undertakings dated May 31, 2014 and entered into between the Controlling Shareholders and our Company, particulars of which are set out in the section headed "Relationship with our Controlling Shareholders – Non-compete Undertakings" in this prospectus
"Non-Qualifying Zhong An Shareholder"	Overseas Zhong An Shareholder whose name appeared in the branch register of members of Zhong An in Hong Kong at 4:30 p.m. on the Record Date and whose address as shown in such register is in the Specified Territories
"Offer Price"	the final Hong Kong dollar price per Share (exclusive of brokerage, SFC transaction levy, and Stock Exchange trading fee) of not more than HK$2.92 and expected to be not less than HK$2.12, such price to be agreed upon by us and the Sole Global Coordinator (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares, the International Offer Shares and the Reserved Shares, together (where applicable) with any Shares issued pursuant to the Over-allotment Option
"Over-allotment Option"	the option we will grant to the Sole Global Coordinator on behalf of the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement at any time for up to 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 70,200,000 additional Shares, representing 15% of the initial Offer Shares, at the Offer Price, to cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering – Over-allotment and Stabilization"
"Overseas Zhong An Shareholders"	registered holders of Zhong An Shares whose addresses on the branch register of members of Zhong An in Hong Kong are in jurisdictions outside Hong Kong
"PBOC"	People's Bank of China (中國人民銀行), the central bank of China

"PRC" or "China"	the People's Republic of China and, except where the context requires and only for the purpose of this prospectus, references in this prospectus to the PRC or China do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC
"PRC Government"	the central government of China and its political subdivisions, including provincial, municipal and other regional or local government bodies or, as the context requires, any of them
"PRC Legal Advisors"	Jincheng Tongda & Neal, the legal advisers to our Company as to PRC laws
"Predecessor CO"	the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as in force from time to time before March 3, 2014
"Preferential Offering"	the preferential offer to Qualifying Zhong An Shareholders for subscription of the Reserved Shares on an assured basis at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the **BLUE** Application Form
"Pre-opening Management Agreement"	a pre-opening management agreement dated March 20, 2014 entered into between Hefei Holiday Inn and Anhui Zhong An Real Estate in respect of the appointment of Hefei Holiday Inn as an exclusive project manager for the provision of overall management and supervision of the ongoing construction and development of the VC Hotel by Hefei Holiday Inn, particulars of which are set out in the section headed "Continuing Connected Transactions" in this prospectus
"Price Determination Date"	the date, expected to be on or around Friday, June 20, 2014 but no later than 12:00 noon on Wednesday, June 25, 2014 on which the Offer Price is fixed for the purposes of the Global Offering
"Property Valuer"	CBRE Limited
"Qiandao Lake LURC"	the contract for the grant of land use right of State-owned land*（國有建設用地使用權出讓合同）entered into between Chunan Minfu and Chunan County Land Resource Bureau dated May 28, 2014 in respect of the Qiandao Lake Land

"Qiandao Lake Land"	a parcel of land situated southwest of Qiandaohu Town (千島湖鎮), Chunan County (淳安縣), Hangzhou, Zhejiang Province, the PRC. The site is in nearby the tourist attraction Hangzhou Qiandao Lake and will form part of our Hangzhou Qiandao Lake Run Zhou Resort Hotel project
"Qirui Enterprise"	Qirui Enterprise Management (Hangzhou) Co., Ltd.* (祺瑞企業管理(杭州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on November 21, 2005 and an indirect wholly owned subsidiary of Zhong An
"Qirui Management"	Qirui Commercial Management (Hangzhou) Co., Ltd.* (祺瑞商業管理(杭州)有限公司), a wholly foreign owned enterprise and a direct wholly owned subsidiary of our Company established under the laws of the PRC on October 18, 2013 pursuant to the demerger of Qirui Enterprise, its predecessor company
"Qualifying Zhong An Shareholders"	registered holders of Zhong An Shares, other than the Non-Qualifying Zhong An Shareholder, whose name appeared on the branch register of members of Zhong An in Hong Kong as holding 1,000 or more Zhong An Shares at 4:30 p.m. on the Record Date
"Record Date"	June 6, 2014, being the record date for ascertaining the Assured Entitlements
"Regulation S"	Regulation S under the U.S. Securities Act
"Remaining Zhong An Group"	Zhong An and its subsidiaries which, for the purpose of this prospectus, excludes our Group
"Reorganization"	the reorganization of the business comprising our Group, as described in the section headed "History, Reorganization and Corporate Structure – The Reorganization" in the prospectus
"Reserved Shares"	the 47,352,700 Shares being offered pursuant to the Preferential Offering, representing approximately 10.1% of the Shares initially available under the Global Offering, subject to re-allocation to the International Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of the PRC

"SAFE"	the State Administration of Foreign Exchange of the PRC
"SAIC"	the State Administration for Industry and Commerce of the PRC
"SAT"	the State Administration of Taxation of the PRC
"Securities and Futures Commission" or "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
"Shanghai Zhong An Property Development"	Shanghai Zhong An Property Development Co., Ltd.* (上海眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on January 19, 2004 and an indirect non-wholly owned subsidiary of our Company
"Share(s)"	ordinary shares issued by our Company, with a nominal value of HK$0.10 each
"Shareholder(s)"	holder(s) of our Shares
"Shenzhen Nottingham"	Shenzhen Nottingham Construction and Urban Design Consulting Co., Ltd* (深圳諾丁漢建築與城市設計諮詢有限公司), and an Independent Third Party
"Shenzhen Nottingham Elderly Management Services MOU"	a non-legally binding memorandum of understanding entered into between Shenzhen Nottingham and Zhongan Construction dated April 21, 2014, in respect of the intention to cooperate for the joint development of elderly management services in new towns in the PRC
"Sole Global Coordinator"	BOCOM International Securities Limited
"Sole Sponsor"	BOCOM International (Asia) Limited
"Specified Territories"	in respect of the Preferential Offering, mean the PRC and/or such other territories which our Directors and our Company consider it necessary or expedient to exclude from the Preferential Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction

"Spin-off"	the separate listing of our Shares on the Main Board, which is expected to be effected by way of Preferential Offering and the Global Offering
"Stabilizing Manager"	BOCOM International Securities Limited
"State Council"	State Council of the People's Republic of China（中華人民共和國國務院）
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilizing Manager (or its affiliates acting on its behalf) and Ideal World, pursuant to which Ideal World will agree to lend up to 70,200,000 Shares to the Stabilizing Manager on terms set forth therein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance
"substantial shareholder"	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any of our general meetings
"Supplemental Chaoyang Community Commercial LURC"	the supplemental contract for the grant of the land use right of State-owned land*（國有建設用地使用權出讓補充合同）entered into between Zhong An Shenglong, Hangzhou Land Bureau and Hangzhou Xiaoshan Government as a supplement agreement to the Chaoyang Community LURC dated April 3, 2014 in respect of the commercial portion of the Chaoyang Community Site
"Taizhou Agricultural Modernization MOU"	a non-legally binding memorandum of understanding entered into between Taizhou Government and Zhongan Construction dated April 21, 2014, in respect of the intention to cooperate for the modernization of the agricultural industry in Taizhou
"Taizhou Government"	The People's Government of Taizhou*（浙江省台州市人民政府）, Zhejiang Province, PRC, and an Independent Third Party
"Takasaki Corporation"	Takasaki Corporation （高崎股份有限公司）, and an Independent Third Party

"Times Square Residential Portion"	the residential properties situated on top of a commercial complex in Zhong An Times Square (Phase II)
"Tonglu County Agricultural Modernization MOU"	a non-legally binding memorandum of understanding entered into between Tonglu County Government and Zhongan Construction dated April 21, 2014, in respect of the intention to cooperate for the modernization of the agricultural industry in Tonglu County
"Tonglu County Government"	The People's Government of Tonglu County*（中國浙江省杭州市桐廬縣人民政府）, Hangzhou, Zhejiang Province, PRC, and an Independent Third Party
"Tonglu Development JV"	Tonglu Xiaoyuanshan Wellness Investment Development Company Limited*（桐廬小源山養生投資開發有限公司）, a joint venture established under the laws of the PRC on March 31, 2014 and an indirect non-wholly owned subsidiary of our Company
"Tonglu New Town Site"	the site for the development of an area covering the Xiaoyuanshan Valley*（小源山峽谷）together with approximately 25 square kilometers of the land from the entrance area to the Xiaoyuanshan Valley*（小源山峽谷）
"Tonglu Town Cooperation Agreement"	a cooperation agreement entered into between The People's Government of Tonglu County Fengchuan Street Office*（桐廬縣人民政府鳳川街道辦事處）and Zhong An Shenglong dated November 26, 2013, as supplemented by a supplemental agreement dated June 6, 2014 entered into between The People's Government of Tonglu County Fengchuan Street Office*, Zhong An Shenglong and Zhongan Construction, in relation to the formation of Tonglu Development JV, particulars of which are set out in the section headed "Business – Land Development" in this prospectus

"Town Urbanization MOUs"	the Tonglu County Agricultural Modernization MOU, the Taizhou Agricultural Modernization MOU, the Japanese Agricultural Industry Techniques MOU, the Zhejiang Sci-Tech University Agricultural Products Supply MOU, the Shenzhen Nottingham Elderly Management Services MOU and the Lubu Town Urbanization MOU
"Track Record Period"	the three years ended December 31, 2013
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	The United States of America, including the District of Columbia, its territories and possessions
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VC Hotel"	the planned hotel under construction within the Vancouver City project
"WHITE Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name
"White Horse Property Development"	Hangzhou White Horse Property Development Co., Ltd.* (杭州白馬房地產開發有限公司), a limited liability company established under the laws of the PRC on June 27, 2002 and an indirect non-wholly owned subsidiary of our Company
"Whole Good"	Whole Good Management Limited (全好管理有限公司), a company incorporated in the BVI on May 3, 2007 and wholly owned by Mr. Shi, a Controlling Shareholder

"Xiaoshan Yunzhongxia"	Hangzhou Xiaoshan Yunzhongxia Decoration Co., Ltd.* (杭州蕭山雲中霞裝飾有限公司), a limited liability company established under the laws of the PRC on April 1, 1997, and a holder of 10% equity interest of Zhejiang Zhong An, which an indirect non-wholly owned subsidiary of Zhong An. The beneficial shareholders of Xiaoshan Yunzhongxia are Qi Xiaomin (戚小敏) and Chen Junmin (陳軍民), who are also beneficial shareholders of Hangzhou Zhongqiang, which holds 10% equity interest of Zhong An Property Development Xiaoshan, which is a 90% held subsidiary of our Company
"YELLOW Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"Yuyao Property Development"	Yuyao Zhong An Property Development Co., Ltd.* (余姚眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on March 5, 2010 and an indirect non-wholly owned subsidiary of Zhong An
"Yuyao Times Square Development"	Yuyao Zhongan Times Square Development Co., Ltd* (余姚眾安時代廣場開發有限公司), a limited liability company and an indirect non-wholly owned subsidiary of our Company established under the laws of the PRC on August 5, 2013 pursuant to the demerger of Yuyao Property Development, its predecessor company
"Yuyao Times Square Management"	Yuyao Zhongan Times Square Commercial Management Co., Ltd.* (余姚眾安時代廣場商業管理有限公司), a limited liability company established under the laws of the PRC on December 6, 2011 and an indirect non-wholly owned subsidiary of our Company
"Yuyao Times Square Property"	Yuyao Zhongan Times Square Property Co., Ltd.* (余姚眾安時代廣場置業有限公司), a sino-foreign equity joint venture and an indirect non-wholly owned subsidiary of our Company established under the laws of the PRC on August 13, 2013 pursuant to the demerger of Yuyao Zhong'an Property, its predecessor company
"Yuyao Zhong'an Property"	Yuyao Zhong'an Property Co., Ltd.* (余姚眾安置業有限公司), a sino-foreign equity joint venture established under the laws of the PRC on December 10, 2010 and an indirect non-wholly owned subsidiary of Zhong An

"Zhejiang Sci-Tech University"	General Office of Zhejiang Sci-Tech University* (浙江理工大學總務處), and an Independent Third Party
"Zhejiang Sci-Tech University Agricultural Products Supply MOU"	a non-legally binding memorandum of understanding entered into between Zhejiang Sci-Tech University and Zhongan Construction dated April 21, 2014, in respect of the intention of Zhejiang Sci-Tech University to purchase from Zhongan Construction agricultural products produced by Zhongan Construction and its cooperating partner(s)
"Zhejiang Zhong An"	Zhong An Group Co., Ltd.* (眾安集團有限公司), formerly known as Zhejiang Zhongan Property Development Co., Ltd.* (浙江眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on December 26, 1997 and an indirect non-wholly owned subsidiary of Zhong An
"Zhong An"	Zhong An Real Estate Limited (眾安房產有限公司), a company incorporated in the Cayman Islands with limited liability on March 13, 2007, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 672), and a Controlling Shareholder of our Company
"Zhongan Changhong Investment"	Hangzhou Zhongan Changhong Investment Management Co., Ltd.* (杭州眾安長宏投資管理有限公司), a limited liability company established under the laws of the PRC on August 26, 2011 and an indirect non-wholly owned subsidiary of our Company
"Zhongan Commercial Investment"	Zhejiang Zhongan Commercial Investment Management Co., Ltd.* (浙江眾安商業投資管理有限公司), a limited liability company established under the laws of the PRC on August 1, 2011 and an indirect non-wholly owned subsidiary of our Company
"Zhongan Construction"	Zhejiang Zhong An City Construction Investment Co., Ltd.* (浙江省眾安城市建設投資有限公司), a limited liability company established under the laws of the PRC on December 17, 2013 and an indirect non-wholly owned subsidiary of our Company
"Zhong An Group"	Zhong An and its subsidiaries, including our Group

"Zhong An International Shipping"	Zhong An International Shipping (Hong Kong) Limited (眾安國際航運(香港)有限公司), a company incorporated in Hong Kong with limited liability on October 11, 2011 and an indirect non-wholly owned subsidiary of our Company
"Zhong An Liyumen"	Hangzhou Zhong An Shenglong Liyumen Property Co., Ltd.* (杭州眾安盛隆鯉魚門置業有限公司), a limited liability company established under the laws of the PRC on April 21, 2014 and an indirect non-wholly owned subsidiary of our Company
"Zhong An Management"	Zhejiang Zhong An Property Management Co., Ltd.* (浙江眾安物業服務有限公司), formerly known as Hangzhou Xiaoshan Zhong An Property Management Co., Ltd.* (杭州蕭山眾安物業服務有限公司), a limited liability company established under the laws of the PRC on November 18, 1998 and an indirect non-wholly owned subsidiary of Zhong An
"Zhong An Properties"	Zhong An Properties (China) Limited (眾安置業(中國)有限公司), a company incorporated in the BVI with limited liability on June 20, 2013 and a direct wholly owned subsidiary of Zhong An
"Zhong An Property Development Xiaoshan"	Zhejiang Zhong An Property Development Xiaoshan Co., Ltd.* (浙江眾安房地產蕭山開發有限公司), a limited liability company established under the laws of the PRC on April 3, 1997 and an indirect non-wholly owned subsidiary of our Company
"Zhong An Shares"	ordinary shares of nominal value HK$0.10 each in the share capital of Zhong An
"Zhong An Shareholders"	holder(s) of Zhong An Shares
"Zhong An Shenglong"	Zhejiang Zhongan Shenglong Commercial Co., Ltd.* (浙江眾安盛隆商業有限公司), a limited liability company and an indirect non-wholly owned subsidiary of our Company established under the laws of the PRC on September 9, 2013 pursuant to the demerger of Zhejiang Zhong An, its predecessor company
"%"	per cent

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities are provided for identification purposes only and are marked with "*".

"ARR"	average room rate, average daily rate per occupied room for the relevant period, calculated by dividing the total room revenue by the total number of room nights sold including room nights provided to guests on a complimentary basis in a given period
"CAGR"	compound annual growth rate
"effective leased area"	the leasable area of a given project according to the relevant lease agreements signed with our tenants, based on the date of the lease agreement signed
"F&B"	food and beverage
"GFA"	gross floor area
"GFA available for sale"	(i) in respect of completed properties, the GFA that has been designed by us for sale, but has not been sold yet; and (ii) in respect of properties under development, the estimated GFA that is designed by us for sale
"GFA held for investment"	(i) in respect of completed properties, the GFA that has been designed by us for leasing; and (ii) in respect of properties under development, the estimated GFA that is designed by us for leasing
"GFA pre-sold"	the GFA that has been sold, but has not been delivered to our customers
"GFA sold"	the GFA that has been sold and delivered to our customers
"GOP"	gross operating profit
"leasable area"	the area determined by us to be leasable excluding public or service areas used in common as a whole or those areas used for ancillary purposes
"leisure mansion"	houses built on land designed for commercial use and with land use rights for a term of 40 or 50 years, which are intended to be purchased for corporate leisure use and are compatible with a vast array of amenities, including billiards room, conference room, cinema and swimming pool

"occupancy rate"	(i) *in the case of retail units, office units and hotels leased:* calculated based on the monthly occupancy rates in a given period (ii) *in the case of hotels:* calculated by dividing the number of room nights sold (including room nights provided to guests on a complimentary basis) by the number of room nights available for sale
"RevPAR"	revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period
"serviced apartments"	apartments, built on land designed for commercial use and with land use rights for a term of 40, 50 or 70 years, which are leased or sold subject to the benefit of cleaning and other services. Serviced apartments are considered commercial properties because (i) serviced apartments are classified as commercial properties under the Standards of Classification and Planning for Urban Development Land* (城市用地分類與規劃建設用地標準); and (ii) serviced apartments differ to residential apartments in the property management services provided, such as 24-hour customer hotline, housekeeping services and travel consultancy services are provided
"sq.m."	square meter(s)
"weighted average lease expiry term"	the average remaining lease term for all existing leases of a given project weighted by leasable area calculated based on our internal record
"YoY"	year on year

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below in respect of our business and the industry, before making an investment in the Offer Shares. You should pay particular attention to the fact that our principal operations are conducted in the PRC and are governed by a legal and regulatory environment that in some respects differs from that which prevails in other jurisdictions. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our business depends on the performance of the PRC real estate market, particularly in the Yangtze-River Delta Region and Zhejiang Province

Our business depends substantially on the performance of the PRC real estate market, particularly in the Yangtze-River Delta Region, where the majority of our property projects are located. In addition, we currently rely on nine projects, Guomao Building, Integrated Service Center, Highlong Plaza, Landscape Garden (Phase I and Phase II), White Horse Noble Mansion, New White Horse Apartments, Hidden Dragon Bay and La Vie, for substantially all of our revenues, eight of which are located in Zhejiang Province. The concentration of our projects in Zhejiang Province renders us highly sensitive to property market downturns, natural disasters and similar or other events in Zhejiang province. There may not be continued or growing demand for new commercial properties in the Yangtze-River Delta Region and other parts of China. Such growth in demand is often coupled with volatility in market conditions and fluctuation in property prices. The PRC real estate market is affected by many factors, including changes in the PRC's social, political, economic and legal environment. We cannot assure you that our existing projects will continue to attract tenants and generate rental income at historical rates, or that they will continue to be successful in the future. If property values in Zhejiang province, the Yangtze-River Delta Region or other regions in China decrease as a result of changes in investor sentiment, government policies, population or for any other reason, our rental rates and the value of our properties may be materially and adversely affected.

Any over-development, market downturn, or fluctuations in property prices in the PRC in general, and in the Yangtze-River Delta Region, will have a material adverse impact on our business, financial condition and results of operations. If we do not respond to the changes in market conditions and customer preferences in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, the PRC Government may from time to time revise its fiscal and monetary policies to adjust the growth rate of PRC national economy and local economies, and such policy changes may affect the real estate market in the regions where we have or will have property developments. There can be no assurance that our property development or our sales and leasing activities will maintain at the levels we achieved during the Track Record Period.

Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties

We are required to reassess the fair value of our investment properties upon their completion and transfer to properties held for investment and at every reported statement of financial position date thereafter. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income in the period in which they arise. However, fair value gains do not change our overall cash position or our liquidity as long as we continue to hold such investment properties.

For the years ended December 31, 2011, 2012 and 2013, we recognized increases in fair value gains on our investment properties in the amounts of approximately RMB152.6 million, RMB61.7 million and RMB60.6 million, respectively, which represented approximately 49.1%, 53.6% and 10.0% of our profit before tax, respectively.

The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in market conditions (if any) will continue to create fair value gains on our investment properties at previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future or that our investment properties will increase substantially or at all. In particular, the fair value of our investment properties could decline in the event that, among other things, the real estate industry experiences a downturn as a result of PRC Government policies aimed at "cooling-off" the PRC real estate market, or any global market fluctuations and economic downturn. There is no assurance that the fair value gains (if any) on our investment properties will increase due to any increase in our portfolio of investment properties and/or increase overall value appreciation of properties in the Yangtze-River Delta Region. In addition, fair value gains of our properties are based on valuations performed by CBRE Limited and are calculated based on assumptions adopted by them. We cannot assure that the assumptions used by CBRE Limited will be realised. Please see the section headed "Property Valuation" in Appendix III to this prospectus for further information regarding the assumptions adopted by CBRE Limited. Any decrease in the fair value of our investment properties could lead to a decrease in fair value gains on investment properties in our statements of comprehensive income which could adversely affect our financial performance.

Our results of operations largely depend on the development schedules and pre-sales of our projects and may therefore vary significantly from year to year.

Our business model is to sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. For the year ended December 31, 2013, we derived a significant portion of our revenue from the sale of properties, which is heavily affected by the development schedules and the timing of pre-sale of our properties. Going forward, we will continue to adopt this business model, although we expect to sell a greater number of properties in the future as compared to our property sales during the Track Record Period. Our results of operations may fluctuate in the future due to a combination of factors, including the overall schedule of our property development projects, the level of acceptance of our revenue recognition policies and any changes in costs and in expenses, such as land acquisition and construction costs. In addition, our property developments are often developed in multiple phases over the course of several years. Furthermore, according to our accounting policy for revenue recognition, we recognize revenue from the sale of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the completion of property construction. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from year to year depending on the GFA sold or pre-sold and the timing of completion of the properties we sell. Years in which we pre-sell a large amount of aggregate GFA, however, may not be years in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to our substantial capital requirements for land acquisition and construction costs.

Based on the unaudited consolidated financial information of the Group for the four months ended April 30, 2014, as compared to the same period in 2013, we had sold and delivered significantly fewer properties from the Hidden Dragon Bay project, primarily because we started to recognize revenue from the sale and pre-sale of properties form our Hidden Dragon Bay project in April 2013, upon its completion in the same month, had recorded an increase in selling and distribution costs mainly as a result of an increase in advertising and promotional expenses relating to our Zhong An Times Square (Phase II) project, and had recorded an increase in administrative expenses from staff costs, travel expenses and consultancy fees during the four months ended April 30, 2014. The occurrence of these factors subsequent to December 31, 2013 may adversely affect our revenue and profitability in the near term. Revenue decreased by 59.6% from approximately RMB181.3 million for the four months ended April 30, 2013 to approximately RMB73.3 million for the four months ended April 30, 2014. We expect such trends will continue and our Group's revenue and profitability for the six months ending June 30, 2014 will decline as compared with revenue and profitability for the six months ended 30 June 2013.

Accordingly, our interim results for a certain year may not be indicative of our performance for that financial year or otherwise comparable to our results in previous years. In light of the above, our Directors believe that year to year comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenues. If our operating results in one or more periods do not meet the market's expectations, the price of our Shares could be materially adversely affected.

Our gross profit margin is affected by our product mix, as well our land acquisition costs and construction costs, and we may not be able to sustain our existing profit level

Our gross profit margin is affected by our product mix, as well as land acquisition costs and construction costs, and we may not be able to sustain our existing profit level.

Our gross profit margin was 67.8%, 70.5% and 42.1% for the years ended December 31, 2011, 2012 and 2013, respectively. Our gross profit margin is affected by the change in the mix of our revenue sources, such as the proportion between properties held for sale and our investment properties held for leasing. For example, if we increase the GFA held for lease, our proceeds from the sale of properties will be reduced, thereby negatively affecting our cash flows for the period.

Our gross profit margin will also be adversely affected as a result of intensified market competition and failure to achieve desirable sales prices and rental rates. We cannot assure you that we will be able to maintain or increase our gross profit margin in the future. In the event that we are unable to maintain or increase our gross profit margin, our profitability may be materially and adversely affected.

Our gross profit margins may also be affected by our construction costs, land acquisition costs and capitalized interest. Our contractors are responsible for the procurement of the majority of our construction materials and equipment. However, our construction contracts do not provide for fixed or capped payments and, therefore, increases in the price of construction materials and equipment could be passed on to us by our contractors. Our construction costs were approximately RMB16.1 million, RMB8.2 million and RMB330.3 million for the years ended December 31, 2011, 2012 and 2013, respectively. Any increase in land acquisition costs and construction costs could reduce our gross profit margins to the extent that we are unable to pass these increased costs on to our customers and, therefore, could materially and adversely affect our results of operations, financial condition and business prospects.

We experienced net cash outflows from operating activities in 2011 and 2013

We experienced net cash outflows from operating activities in 2011 and 2013. We recorded cash outflows from operating activities of approximately RMB548.8 million and RMB714.2 million, respectively. Our property development businesses may experience net operating cash outflows from time to time, particularly when imbalances occur between the timing of our cash inflows relating to the pre-sale of properties and our cash outflows relating to the construction and development of properties and the purchases of land. Our historical net cash outflows from operating activities primarily reflects our investments in property developments, completed properties for sale, decreases from advances from customers and decreases in amounts due to related companies. For details, please see the section headed "Financial Information – Liquidity and Capital Resources – Cash Flow" in this prospectus.

Net cash outflows from operating activities may impair our ability to make necessary capital expenditures, acquire suitable land, develop or complete our property projects on time. If we are unable to meet our debt and interest repayment obligations, our creditor(s) could choose to demand immediate repayment of their debts, which could result in a complete loss for our Shareholders if we are not able to perform such obligations, the result of which could materially and adversely affect our business and results of operations. There can be no assurance that we will not experience net cash outflows for the year ending December 31, 2014 or in future periods.

We maintain a substantial level of indebtedness and had net current liabilities during the Track Record Period which may affect our business, financial condition, results of operations and prospects

We maintain a substantial level of indebtedness. Our total outstanding bank loans and other borrowings amounted to approximately RMB1,133.0 million, RMB1,320.7 million, RMB2,434.6 million and RMB3,507.1 million as of December 31, 2011, 2012, 2013 and April 30, 2014, respectively. As of April 30, 2014, among our bank loans and other borrowings, approximately RMB1,038.6 million was repayable within one year and approximately RMB601.0 million was repayable between one to two years.

Our capital commitments were approximately RMB271.7 million, RMB551.2 million and RMB888.6 million as of December 31, 2011, 2012 and 2013, respectively. In addition, we have in the past entered into, and may from time to time in the future enter into, MOUs for our future projects, under which we may be required to make capital commitments. As of December 31, 2011, 2012, 2013 and April 30, 2014, our outstanding guarantees for mortgage loans made by purchasers of our properties were approximately RMB102.3 million, RMB213.1 million, RMB222.9 million, and RMB131.1 million, respectively. Our gearing ratio, as calculated by dividing our total interest-bearing bank and other borrowings by our total equity was approximately 56.3%, 62.8%, and 95.8%, as of December 31, 2011, 2012 and 2013. We also had net current liabilities as of December 31, 2011, 2012 and 2013, primarily due to the capital intensive nature of property development.

Our ability to repay the principal and pay the interest on our borrowings and to service our capital commitments and contingent liabilities depends substantially on the cash flows and results of operations of our operating subsidiaries, which depend in part upon social, political, economic, legal and other risks described herein, most of which are beyond our control. We cannot assure you that we will have sufficient cash flows to service our borrowings, our capital commitments or our contingent liabilities. If we are not able to refinance our borrowings on commercially acceptable terms or at all, our liquidity will be adversely affected and, as a result, our results of operations, financial condition and business prospects may be materially and adversely affected.

In addition, we are subject to certain restrictive covenants in the loan agreements between us and certain banks. If we fail to abide by these restrictive covenants, our lenders may be entitled to accelerate the repayment of the loans, in which case our business, financial condition and results of operations will be materially and adversely affected. We also cannot assure you that the equity interests that we have pledged or which may be pledged to our lenders will not be subject to enforcement actions, in which case we may lose control and ownership of our subsidiaries and our results of operations, financial condition and business prospects may be materially and adversely affected.

We require substantial capital resources to acquire land and develop our projects, which may not be available on commercially reasonable terms, or at all, and are subject to market demand and policy changes

Property development is capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete our projects. During the Track Record Period, we financed our property development projects primarily with internal funds, proceeds from pre-sale of our properties, and bank loans.

Our ability to obtain adequate financing for land acquisitions or property development on terms commercially acceptable to us depends on a number of factors, many of which are beyond our control. The PRC Government has in recent years introduced numerous policy initiatives in the financial sector to further tighten the requirements for lending to property developers which, among other things:

- prohibit the PRC commercial banks from granting loans to property developers for the purpose of paying land acquisition consideration;

- require property developers to fund a minimum amount of 35% (for projects other than low-income housing and common commercial housing projects) of the total estimated capital required for the project with internal funds; and

- prohibit property developers from using borrowings obtained from local banks to fund property developments outside that local region.

All of these PRC Government actions and policy initiatives have limited our ability to use bank loans to finance our property development projects. We may not be able to obtain bank loans or funding from other sources in the future on favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

In addition to bank loans, during the Track Record Period, we utilize pre-sale proceeds and funds generated from our operations as an important source of financing for our property development. There can be no assurance that we can achieve sufficient pre-sale proceeds, or at all, to finance a particular development project. Any restriction on our ability to pre-sell or sell our properties, including any increase in the amount of upfront expenditures we must incur prior to obtaining a pre-sale permit, or any restriction on our ability to utilize pre-sale proceeds, including as a result of changes to PRC laws and regulations governing the use of pre-sale proceeds, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance the various stages of our property development projects. Our ability to generate cash depends on the demand for and prices of our properties and our ability to continuously develop and sell or lease our properties. Any restriction on our ability to pre-sell or sell, any change in our ability to generate profits from our operations or our ability to collect installments from the purchasers could have a material adverse impact on our business, financial condition and results of operations.

We were not in full compliance with all applicable PRC laws and regulations relating to the development of our projects and operations

As of the Latest Practicable Date, we were not in compliance with all applicable PRC laws and regulations. The non-compliance incidents include (i) delay in commencement of construction of our International Office Center, Hangzhou Qiandao Lake Run Zhou Resort Hotel, Zhong An Times Square (Phase I) and Zhong An Times Square (Phase II); (ii) delay in completion of our International Office Center, Zhong An Times Square (Phase I), and a portion of our Hangzhou Qiandao Lake Run Zhou Resort Hotel; (iii) commencement of construction before obtaining relevant construction permits for our International Office Center and Zhong An Times Square (Phase II) projects; (iv) engaging in property management and property development services without having obtained the necessary qualification certificates for our Highlong Plaza and White Horse Noble Mansion projects; and (v) obtaining construction permit without having obtained the relevant fire safety design approval for our International Office Center project. For details of the non-compliance incidents, please refer to the section headed "Business – Compliance with Relevant PRC Regulations and Requirements" in this prospectus.

We cannot assure you that we will be able to fully comply with the obligations under applicable PRC laws and regulations in the future including delays in the commencement of construction and completion or that our developments will not be subject to idle land penalties or taken back by the PRC Government as a result of such delays. The imposition of substantial idle land penalties could have a material and adverse effect on our business, results of operations and financial condition. If any of our land is reclaimed by the PRC Government, we would not only lose the opportunity to develop the property, but we would also lose our prior investments in the development, including land premiums paid and costs incurred prior to the reclamation in connection with the land.

Our hotel and serviced apartment business may not be able to replicate our success in property development and management

We have less experience in the operation and management of hotels and serviced apartments than in the property development and management business. We have developed and are developing high quality hotels and serviced apartments which we operate or intend to operate. We may face considerable reputational and financial risks if the hotels and serviced apartments do not meet the expectations of the visitors of our hotel and serviced apartments. In addition, we cannot assure you that there will be sufficient demand for our hotels and serviced apartments. We also rely and will continue to rely on Independent Third Parties to manage some of our hotels and serviced apartments. While we have not come across any material issues in relation to the management of those hotels and serviced apartments, we may not always be in a position to identify or resolve any issues that may arise in relation to those hotels and serviced apartments. If we fail in our hotel and serviced apartment business, it may have an adverse effect on our business, financial condition and results of operations.

We may not be successful in expanding our business into land development and other urbanization related businesses and services in the PRC

We do not have experience in land development (including land leveling and pre-development) and other urbanization related businesses and services such as agricultural modernization, supply of agricultural products, and elderly management services. Our experience lies mainly in developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region, where the majority of our projects are located. We will rely on our experience that we have gained from developing commercial properties and apply them as we expand our operations into land development and other urbanization related businesses and services. In addition, to manage and monitor our expansion plan in land development and other urbanization related businesses and services, we may require additional staff with the relevant experience and management expertise which may differ from those of our existing business. Although our expansion plan in land development and other urbanization related businesses and services will be carried over a long period of five years or more, we may not have the resources or be equipped to successfully manage such future expansion, which could place a significant strain on our management, financial, operations and other resources.

There can be no assurance that our expansion plans will be successful according to our plans and expectations. In addition, our Town Urbanization MOUs are non-legally binding and are subject to further negotiations and we may not be successful in signing legally binding agreements with relevant parties regarding each of the Town Urbanization MOUs. As such, our failure to manage such expansion for land development and other urbanization related businesses and services may materially affect our business, financial condition and results of operations.

Our new expansion into land development depends on maintaining good working relationships with PRC Government entities, including our joint venture partners, which we may be unable to maintain

We collaborate with PRC Government authorities and their affiliates in developing land. Although we believe that we currently have good working relationships with all of the government authorities relevant to land development, if we are unable to maintain our relationships with these government authorities, our business, financial condition and results of operations could be materially adversely affected.

Moreover, we will have, and expect to continue to have, interests in PRC joint venture entities in connection with land development with affiliates of PRC Government authorities as joint venture partners. If there are disagreements between us and our joint venture partners regarding the business and operations of the joint ventures, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests or which will maintain the business relationship with our joint venture partners. In addition, our joint venture partners may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfill their obligations; (iv) have financial difficulties; or (v) have disputes with us as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect our business relationships with our joint venture partners, which may in turn materially and adversely affect our financial condition and results of operations.

We cannot control the timing and the selling price of the sale of land use rights in the lands we develop

We expect substantially all of the revenue from land development will be derived from the proceeds from the sale of land use rights in the land we develop. We are entitled to receive from the local government authority an agreed percentage of the net sales proceeds as remuneration for the land development. Please see section headed "Business – Land Development" of this prospectus for details of the cooperation agreements. Based on the cooperation agreements, we endeavor to develop certain amount of land each year which meet the conditions for sale and propose them to local government authorities for inclusion in the land reserve. The local government authorities will then arrange for land parcels to be sold through public tender, auction or listing-for-bidding accordance with their annual land sales plan. However, the exact timing of the sale in any particular year is determined by local PRC Government authorities. The final prices at which land use rights are sold are ultimately determined by market forces through the bidding process. As a result, there can be no assurance about the exact timing of the sale of land use rights or the final price at which land use rights are sold. Failure or delays in selling land may have a seasonal and material adverse impact on our business, financial condition and results of operations.

We may not have adequate capital resources to fund our future land development projects

We expect to incur significant capital expenditures during the construction period in our land development projects, including significant expenditures for clearing and levelling land and the building of the necessary infrastructure. We expect to finance our land development projects primarily through internal resources, bank borrowings, and income generated from our operating activities. Our ability to procure adequate financing for land development depends on a number of factors that are beyond our control, in particular in the PRC. Therefore, we cannot assure you that we will be able to secure financing on commercially viable terms or that our business, results of operations and financial position will not be materially adversely affected as a result of such and other government actions and policy initiatives.

To the extent that we do not have sufficient internal financial resources or banking facilities to fund capital expenditures associated with such projects, we will need to obtain additional financing from the capital markets. Additional equity financing may dilute shareholding and additional debt financing may include restrictive covenants that limit our ability to, among other things, pay dividends or incur additional indebtedness and may also require us to set aside cash for interest and principal repayments. Limitations imposed by such restrictive covenants on our financial and business operations and the expense associated with such interest and principal repayments may increase our vulnerability to adverse economic conditions. Furthermore, our access to third party sources of capital depends on a number of factors, including the market's perception of our growth potential and our current and potential future earnings. If we are unable to obtain third party sources of capital on acceptable terms or at all, our business, financial condition and results of operations could be materially adversely affected.

We may not be able to complete our property development projects on schedule, within budget or at all

Property development involves substantial capital expenditure and a complex process that lasts for a long period of time and contains many inherent risks that could prevent the projects from being completed as originally planned. Construction may take several years before the project can generate positive cash flows through pre-sales, sales or leases. Each project's timing and costs may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- delays in construction due to acts of government or other delays in necessary preliminary work for commencement of construction, including the relocation of existing site occupants and/or demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes and adverse weather or geographical conditions; and
- changes in market conditions.

Any delay in, or failure to complete, the construction of a particular project according to its planned specifications, schedule or budget may result in damage to our reputation as a property developer, loss of or delay in recognizing revenues, revaluation increase on investment properties upon their completion and an increase in construction costs.

In particular, we are required to complete the construction of the projects within certain specified time periods under the respective land use right contracts that we signed with the relevant local land authorities. If we fail to complete the construction of the projects on time, we may, pursuant to land use right contract, be penalized 0.05% of the total land premium for each day the project is delayed.

Also, if a pre-sold property development is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may even be entitled to terminate the pre-sale agreements and claim damages.

In addition, regulatory changes, competition, and inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and development process. There may also be factors beyond our control that delay the delivery of property ownership certificates, such as time-consuming examination and approval processes at various government agencies.

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

During the Track Record Period, we derived our revenue substantially from the sale or lease of properties developed by us. As a result, our revenue was dependent on the completion of, and our ability to sell, our property developments and also on our ability to continuously identify and acquire suitable sites for property development. Many cities in China, including those in the Yangtze-River Delta Region, have seen an increase in land costs in recent years and there is a limited supply of suitable land available for development in such cities. As a result, we may not be able to acquire suitable land at reasonable costs. We may also face strong competition from other property developers for the sites we plan to acquire and we cannot assure you that we will be able to acquire these sites at reasonable costs, or at all.

Furthermore, the PRC Government and the relevant local authorities have control over the supply of substantially all land and their approved usage, which in turn affects the price at which we can acquire land. Further changes in government policy with regard to land supply and development may lead to increases in our costs of acquiring land and limit our ability to successfully acquire land at reasonable costs, which would have a material adverse impact on our business, financial condition and results of operations. Further, we cannot assure you that the land we have acquired will appreciate in value, or that we will be able to acquire land sites for our property projects at relatively early stages of their long-term appreciation potential or that the market insights and experience of our senior management will continue to enable us to identify and acquire land at attractive prices.

Increases in interest rates affect the attractiveness of mortgage financing to potential purchasers of our properties and increase our finance costs

Increases in interest rates will increase our finance costs and reduce our ability to source funding through bank loans and other loans. For the years ended December 31, 2011, 2012 and 2013, the interest expenses of our bank and other borrowings and related party borrowings (including the amount capitalized to properties under development) incurred were RMB64.0 million, RMB213.7 million and RMB180.4 million, respectively. Increases in interest rates may also affect our customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase our properties. We cannot assure you that PBOC will not raise lending rates further or otherwise discourage bank financing (such as by increasing the down payment requirement or imposing other conditions).

We may be liable to compensate our purchasers for delays in property deliveries, if we fail to obtain all of the relevant government approvals for transfers

Once a property project has passed the requisite completion inspections, we are required to deliver such completed properties to our property purchasers within the timeframe provided in the property sale and purchase agreements. We may become liable to our property purchasers for monetary penalties for delays in property delivery and/or the buyer may be entitled to terminate the property sale and purchase agreement in such circumstances. This may have an adverse impact on our reputation and business operations.

Under the relevant PRC laws and regulations, we are required to submit requisite applications for PRC Government approvals in connection with our property developments, including land use right documents and planning and construction permits, to the relevant local authorities of land resources and housing administration within 90 days after the delivery for the relevant properties, and to apply for the general property ownership certificates in respect of these properties. We are then required, within stipulated periods after delivery of the properties, to submit the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, and the general property ownership certificate, for the relevant authorities' review and issuance of the individual property ownership certificates in respect of the sale of the properties to the individual purchasers. Delay by any of the administrative authorities in reviewing the relevant applications and granting approval as well as other factors may affect the timely delivery of the general as well as individual property ownership certificates. We may become liable to property purchasers for monetary penalties for any late delivery of the individual property ownership certificates, which may be caused by delays in the administrative approval process or other reasons beyond our control.

Also, if we do not deliver the relevant property within the stipulated periods, the buyer is entitled to terminate the property sale and purchase agreement if we are unable to deliver such property within three months of the buyer providing notice for the same.

We cannot assure you that such delays will not occur with respect to our future property projects. In the event of any significant delay with respect to one or more of our property projects, our business, financial condition and results of operations would be adversely affected.

Our reputation and public image may be adversely affected by the performance of our tenants or occupiers

We derive a portion of our revenue from rent received from our major tenants. Our major tenants generally pay a significant portion of the total rents in respect of a commercial complex and, in some cases, contribute to our success of securing other tenants by attracting significant number of customers to our properties. For the years ended December 31, 2011, 2012 and 2013, the percentages of rental income attributable to our top five tenants were approximately 29.5%, 29.3% and 24.2%, respectively. Any default by our major tenants could result in a loss of rental income and a decrease in the value of our properties. Any of the above effects could have a material adverse effect on our business, financial condition and results of operations. Please see the section headed "Business –

Investment Properties and our Property Leasing Business – Tenants and Leases" in this prospectus for further information termination of lease agreements by our major tenants during the Track Record Period.

There can be no assurance that we will be able to control any individual or collective decisions of any tenants and property owners in the way they operate or lease such units or that any conflict in the usage of such units will not arise. Any material dispute between our tenants and us may have a material adverse impact on our business, financial condition and results of operations. Also, our reputation and public image are based largely on consumer perceptions with a variety of subjective qualities and can be damaged by isolated business incidents that degrade consumer trust. Any negative incident or negative publicity concerning our tenants could adversely affect our reputation and business prospects. During our planned business expansion, as we are less well known in areas we may expand into, any negative publicity could damage our brand image and have a material adverse effect on our business, results of operations and financial condition.

We may not be able to continue to attract and maintain major tenants for our integrated commercial complexes

Our commercial properties compete for tenants with a number of other commercial properties in the surrounding areas on the basis of a wide range of factors, including location, design, construction quality and management. We also compete for tenants on the basis of rent levels and other lease terms. We seek to maintain the quality and attractiveness of our commercial complexes by securing long-term arrangements with domestic and foreign brands across a wide spectrum of industries, such as Yizhijia Department Store (衣之家百貨), Centurymart (世紀聯華超市), Holiday Inn (假日酒店), Hilton Doubletree (希爾頓逸林), Fairmont (費爾蒙), JW Marriott (JW萬豪), Swissôtel (瑞士酒店), and Jinjiang Inn (錦江之星). Our major tenants generally pay a significant portion of total rents in respect of a commercial complex and, in some cases, contribute to our success of securing other tenants by attracting significant number of customers to our properties. For the years ended December 31, 2011, 2012, and 2013 the percentages of rental income attributable to our top five tenants were approximately 29.5%, 29.3% and 24.2%, respectively.

We cannot assure you that our existing and prospective tenants will not lease properties from our competitors. For the year ended December 31, 2013, our occupancy rates for Guomao Building, Integrated Service Center, Highlong Plaza, Landscape Garden (Phase I and II), La Vie and Hidden Dragon Bay were 62.7%, 71.8%, 89.1%, 79.6%, 100%, and 32.5%, respectively. As a result, we may lose existing and prospective tenants to our competitors and have difficulty in renewing leases when they become due or in finding new tenants. An increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants, reduce the relative attractiveness of our properties and force us to reduce rent or incur additional costs in order to make our properties more attractive. If we are not able to consistently compete effectively for commercial tenants with other property developers or operators, our occupancy rates may decline. If we fail to continue to attract well-known brands as our tenants or maintain our existing major tenants, the attractiveness and competitiveness of our commercial complexes may be adversely affected. This in turn could have a material adverse effect on our business, financial condition and results of operations.

We face risks relating to pre-sale of properties, including risks of failure to complete the project

Property developments typically require substantial capital outlays during the construction period, and it may take months or years before positive cash flow, if any, can be generated from the pre-sale of properties under development or the sale of completed properties. The time and costs required to complete a property development may increase substantially due to many factors beyond our control. In the event that there is any delay in, or failure of, the completion of a property development, there may be costs substantially exceeding those originally budgeted for, which may materially and adversely affect our financial condition and results of operations. We face contractual risks relating to the pre-sale of properties. For example, if we fail to complete a fully or partially pre-sold property development and fail to deliver the property, we could find ourselves liable to purchasers of pre-sold units for losses suffered by them. In addition, if we fail to meet the delivery time of properties as stated in the pre-sale contracts, purchasers of the pre-sold units have the right to claim damages under the pre-sale contracts. If the delay extends beyond the grace period stipulated in the contracts, the purchasers may even be entitled to terminate the pre-sale contracts and claim damages. We cannot guarantee that we will not experience any significant delays in completion or delivery of our property developments or that we will not be subject to any liabilities for any such delays in the future.

The proceeds from pre-sale of properties are an important source of funds for our property developments and have an impact on our liquidity position. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may only use the proceeds of pre-sale of properties in a development to finance the relevant development. We cannot guarantee that the PRC Government will not ban or impose material limitations on the pre-sale of uncompleted properties in the PRC in the future. The future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining a pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property developments including increasing borrowings which would in turn increase our interest payments. This can have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the performance of third-party contractors, service providers and prices of construction materials

We do not have an in-house construction team. We engage Independent Third Party contractors to construct all our real estate projects, including design, pile setting, foundation digging, construction, equipment installation, internal decoration, electromechanical engineering, pipeline engineering, and elevator installation. We select independent contractors mainly through a tender system according to the relevant PRC laws and regulations in relation to the bidding process. We cannot guarantee that any such third party contractor will provide satisfactory services and at the required quality level. In addition, we may not be able to engage sufficiently qualified third party contractors in the cities which we plan to expand into.

In addition, under the Regulations on the Administration of Quality of Construction Works《建設工程質量管理條例》, all property development companies in the PRC must provide certain warranties on the quality of the properties they construct or sell. We are required to provide these warranties to our customers. We may receive quality warranties from third-party contractors we hire to construct our development projects. If claims are brought against us under our warranties and if we are unable to obtain indemnification for such claims from third-party contractors in a timely manner or at all, or if the retention money retained by us from third-party contractors is not sufficient to cover our payment obligations under the quality warranties, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which may in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

Moreover, completion of our property developments may be delayed and we may incur additional costs due to a contractor's financial or operational difficulties. The contractors may violate our restrictions on sub-contracting or assignment, undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may delay the completion of our property projects or increase our project development costs and risks. Also, the cost of contractors' labor costs, which constitutes a significant proportion of our cost of properties sold, may fluctuate. Any increase in the cost of contractors' labor may result in additional costs to us and may lead to future increases in cost of properties sold. Any of these factors could have a negative impact on our business, financial condition and results of operations.

In addition, substantially all of the costs of construction materials were accounted for as part of the contractor fees upon settlement with the relevant contractors. However, if the cost of construction materials increases beyond our expectation, the contractors may request to transfer such increase in costs of construction materials to us and to increase the contractor fees. In the event there is a material increase in construction costs, our business, financial condition and results of operations may be materially and adversely affected.

We also engage third party property management service providers to provide services such as cleaning and other ancillary services to our tenants. We cannot guarantee that any such third party service provider will provide satisfactory services and at the required quality level. In addition, we may not be able to engage sufficient quality third party service providers for the projects we are developing. Any of these factors could have a negative impact on our reputation, business, financial condition and results of operations.

Investment in real properties is relatively illiquid

We currently hold a portfolio of investment properties, consisting primarily of properties we have developed and decided to keep for leasing purposes. In general, investment in real properties is relatively illiquid compared with other forms of investment. Changing economic conditions may lead us to dispose of certain investment properties. Our ability, however, to sell any of our investment properties in response to changing economic, financial and investment conditions on a timely basis, or at all, is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, or at all. We cannot predict the length of time needed to find a purchaser and to complete the sale of a property we currently hold or plan to hold for investment purposes. Moreover, should we decide to sell a property subject to a tenancy agreement, we may have to obtain consent from or pay termination fees to our tenants.

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

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

We pre-sell some of our properties before construction is completed. In accordance with industry practice in China, we typically provide guarantees in respect of mortgages provided by the relevant banks to our customers until completion of construction and the relevant property ownership certificates are submitted to these banks. If a customer defaults on his mortgage loan and the bank calls upon the guarantee, we will have to repay the full portion of the mortgage loan owed by the customer to the mortgagee bank. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage. In line with industry practice, we do not conduct any independent credit checks but only rely on the results of customer credit checks conducted by the relevant mortgagee banks.

As of December 31, 2011, 2012 and 2013, our outstanding guarantees of the mortgage loans of our customers in relation to our pre-sold properties amounted to approximately RMB102.3 million, RMB213.1 million and RMB222.9 million, respectively, which was approximately 48.8%, 48.4% and 42.2% of our total amounts of properties pre-sold, respectively. There can be no assurance that defaults will not occur in the future or that we will not suffer any loss as a result of such defaults. In addition, if a significant number of customers default on their mortgages and our guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the customer or that we cannot sell such properties due to unfavorable market conditions or other reasons.

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

The property valuation report on our properties, prepared by CBRE Limited is set out in Appendix III to this prospectus. The valuation was based on certain assumptions which, by their nature, are subjective and uncertain, and therefore the valuation may differ materially from the price we could receive in an actual sale of the properties in the market place. In addition, property valuations generally, and the valuation conducted by CBRE Limited in particular, include a subjective determination of certain factors relating to the properties, such as their relative market position, their financial and competitive strengths, location and their physical condition. Further, the valuation of the properties is not an indication of, and does not guarantee, a sale price corresponding to such valuation, currently or in the future. Unforeseen changes in a particular property development or in general or local economic conditions could affect the value of our properties, and the resulting amounts we obtain may be materially lower than the amount set forth in the valuations.

We depend heavily on the continuing service of our executive Directors and senior management members, as well as on our ability to attract and retain qualified management personnel

We depend on the continued service of our executive Directors and senior management. For a description of our executive Directors and senior management, please see the section headed "Directors and Senior Management" in this prospectus. Competition for qualified and experienced management is intense in the property development sector. Any departure of our executive Directors or any of our senior management members or our failure to find suitable substitutes could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our success also depends on our ability to identify, hire, train and retain suitably skilled and qualified employees with the requisite industry expertise. We rely on those experienced employees with in-depth knowledge of commercial trading, site selection and project design and strong sales and marketing skills to develop and operate our properties. The loss of any member of our senior management team and our other employees could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. Competition for such personnel is intense, and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could harm our business and prospects.

We have limited insurance to cover all potential losses and claims

We may not have maintained sufficient insurance coverage against potential losses or damages with respect to our properties. We also do not maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites, as such liabilities should be borne by the third-party construction companies, which is in accordance with industry practice. However, we cannot assure you that we would not be sued or held liable for damages due to any such personal injuries and other tortious acts. Moreover, our business may be adversely affected due to the occurrence of natural disasters and other unanticipated catastrophic events, with respect to which we do not carry any insurance. Also, there are certain losses for which insurance is not available on commercially practicable terms, such as losses suffered due to earthquake, nuclear contamination, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient financial resources to cover fully such losses, damages or liabilities or to replace any property development that has been destroyed, and may lose all or a portion of our invested capital in the affected properties and anticipated future income from such properties. Any such material uninsured loss could have a material adverse effect on our business, financial condition and results of operations.

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

According to the Law of the People's Republic of China on National Defense《中華人民共和國國防法》, the Civil Air Defense Law of the People's Republic of China《中華人民共和國人民防空法》, the Property Law of the People's Republic of China《中華人民共和國物權法》and Measures of the Development and Utilization of Civil Air Defense Construction during the peacetime《人民防空工程平時開發利用管理辦法》, the PRC Government requires enterprises to construct civil air defense areas. In times of peace, such areas can be used and managed by companies and any revenue generated from the use of such properties shall be retained by such companies themselves. However, in times of war, such properties shall be used by the public at no cost. As of April 30, 2014, we had a total GFA of 159,225 sq.m. of civil air defense property in the following projects, namely Highlong Plaza, White Horse Noble Mansion, New White Horse Apartments, Hidden Dragon Bay, Zhong An Times Square (Phases I and II), International Office Center (Plot A) and Jia Run Square. Our civil air defense areas are primarily used as car parking spaces. Our car parking spaces located in civil air defense areas have been sold or are available for sale. In the event of war, purchasers of our car parking spaces will no longer be able to use the car parking spaces purchased and we will no longer be able to sell the car parking spaces located in civil air defense areas to potential purchasers. In the event that our civil air defense properties are used by the public in times of war, this could have a material adverse effect on our business, financial condition and results of operations.

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

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

Our financing costs are subject to changes in interest rates

During the Track Record Period, our financing included interest-free and interest-bearing advances from related parties and interest-bearing bank borrowings. Upon Listing, we will no longer utilize interest-free advances from related parties and as a result, we expect to incur an increase in the amount of finance costs relating to our borrowings from banks. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because the majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the

PBOC, which have fluctuated significantly in recent years. The effective interest rates of our bank loans and other borrowings as of December 31, 2011, 2012 and 2013 were within the range of 1.95% to 7.54%, 2.17% to 7.80% and 3.66% to 12.00%, respectively. Our finance costs expensed in the years ended December 31, 2011, 2012 and 2013 were RMB10.9 million, RMB1.1 million, and nil, respectively. Most of our finance costs incurred were capitalized. Future increases in PBOC benchmark interest rate may lead to higher lending rates, which may increase our financing costs and thereby may affect our business, financial condition, results of operations and net profit margins.

RISKS RELATING TO THE PRC REAL ESTATE AND HOTEL INDUSTRY

Our operations are subject to extensive governmental regulations, and in particular, we are susceptible to changes in governmental policies relating to the real estate industry in China

Our business of developing, selling and operating commercial properties is extensively regulated in China. We must comply with various PRC laws and regulations, including policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the development of the PRC real estate industry, controlling the supply of land for property development, foreign exchange, property financing, taxation and foreign investment. The PRC Government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, restrict foreign investment in the PRC real estate sector, and impose additional taxes and levies on property sales.

From 2004 to 2013, the PRC Government introduced a series of regulations and policies designed generally to control the growth of the property market, including, among others:

- strictly enforcing an idle land fee for land which has not been developed for at least one year starting from the commencement date stipulated in the land use rights grant contract and the cancellation of land use rights for land which remains idle for two years or more;

- 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 to real estate developers whose internal funds represent less than 35% of the total capital required for the relevant project and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and

- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

On February 26, 2013, the General Office of the State Council promulgated the Notice on the Further Regulation and Control of the Real Estate Market (關於繼續做好房地產市場調控工作的通知), introducing five policy measures to control the real estate market.

These measures and policies by the PRC Government have negatively affected the overall real estate market and, in particular, caused a significant reduction in transactions in the residential real estate market. While these measures and policies remain in effect, they may continue to depress the real estate market, discourage would-be buyers from making purchases, reduce transaction volume, cause a decline in average selling prices, and prevent developers from raising the capital they need and increase developers' costs to start new projects. We cannot assure you that the PRC Government will not adopt any similar new measures that may result in lower growth rates in the commercial real estate industry.

The pre-sale of property constitutes an important source of funding for property developments in China. Pursuant to the current PRC laws and regulations, a commodity property project may be sold before completion if (i) the developer has paid the land premium and other fees in full for the underlying land use rights and has obtained the relevant land use rights certificate, (ii) it has obtained the construction land planning permit and the construction permit, (iii) the funds it has invested in the development of the property project represent 25% or more of the total investment required for the project, (iv) the construction progress as well as the project completion and delivery dates have been properly ascertained; and (v) it has obtained the pre-sale permit.

During the Track Record Period, we depended on cash flows from the pre-sale of properties for our property development. We cannot assure you that the PRC Government will not abolish the practice of pre-selling uncompleted properties or formulate and implement other restrictions on property pre-sales, such as imposing additional conditions for obtaining the pre-sale permits or on the use of pre-sale proceeds. Any such measures will adversely affect our cash flow position and force us to seek alternative sources of funding to finance our project developments.

We cannot assure you that the PRC Government will not adopt additional and more stringent industry policies, regulations and measures in the future. Political, economic, social or other factors may lead to further adjustments and changes of such policies and measures. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real estate industry, or such policy changes disrupt our business or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

For more details on this notice, please refer to the section headed "Laws and Regulations Relating to the Industry" in this prospectus.

Our funding capability may be affected by PRC Government actions and policies

Property development is a capital-intensive business. During the Track Record Period, we financed our development of various projects primarily with internal funds, proceeds from pre-sale of our properties, and bank loans. As of April 30, 2014, our total bank loans and other borrowings amounted to RMB3,507.1 million. Our ability to procure adequate financing for land acquisitions and property developments depends on a number of factors beyond our control, including the PRC regulatory environment. The PRC Government has adopted various measures to regulate, and to strengthen enforcement of the regulation of, lending practices in the real estate industry. For example:

- the PBOC increased the Renminbi deposit reserve ratio a number of times in 2010 and in 2011 to 21.5% in order to rein in accelerating inflation in the PRC and to reduce excessive liquidity in the market amid mounting inflationary pressure. In November 2011, February 2012 and May 2012, the PBOC lowered the Renminbi deposit reserve ratio to 21.0%, 20.5% and 20.0%, respectively;

- the PBOC raised the benchmark one-year bank lending rate in December 2008 to 5.3%, in December 2010 to 5.8% and a number of times in 2011 to 6.6%. The PBOC lowered the rate twice in 2012, bringing the rate down to 6.0%;

- the CBRC has issued orders to prohibit PRC commercial banks and trust companies from granting loans (including trust loans) to property projects that have not obtained the relevant land use rights certificates, construction land planning permits, construction works planning permits and construction commencement permits. In addition, the CBRC restricted trust companies from granting loans to property developers or its controlling shareholder that have not obtained a Class 2 qualification certificate issued by the relevant construction authority;

- the CBRC and PBOC prohibit commercial banks from granting loans to property developers to pay land premiums;

- the PBOC has issued guidelines that generally require at least 35.0% of the total investment in a property project to be funded by the developer's own capital; and

- the PRC Government issued regulations to (i) prohibit the grant of new project bank loans or extension of credit facilities to property companies with past non-compliances with policies in respect of, among other things, idle lands, prescribed land use, construction commencement or completion dates or property hoarding, and (ii) prohibit commercial banks from accepting commodity properties that have been vacant for more than three years as security for their loans.

The PRC Government may further tighten financing policies on PRC financial institutions (including banks and trust institutions) that provide financing to the real estate sector. These real estate-related financing policies may limit our ability and flexibility to use bank and other borrowings to finance our property development. We cannot assure you that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration or that our business, financial condition and results of operations will not be materially and adversely affected as a result of such and other government actions and policy initiatives.

Other than bank loans, we have also obtained loans from trust institutions in the PRC. If the PRC Government tightens the regulations relating to these trust loans, we may not be able to raise funds through such arrangements and may need to resort to other types of financings to finance our property development.

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

On June 18, 2008, MOFCOM issued the Notice on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (商務部關於做好外商投資房地產業備案工作的通知), ("**Notice No. 23**") under which MOFCOM has delegated its approval power regarding the filing of foreign investment in real estate to provincial authorities under MOFCOM. Pursuant to the requirements in the above circulars, we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our operations, engage in new real estate project developments or operations, or increase the registered capital of our subsidiaries or associated project companies in the PRC in the future. Substantially all of our net proceeds from the Global Offering will need to be initially used to increase the registered capital of, or acquire additional equity interests in our existing foreign-invested subsidiaries in the PRC or to establish new foreign-invested subsidiaries in the PRC. As a result, we must make a filing with the relevant examination and approval authorities and wait until such filings are completed before we may repatriate the proceeds from the Global Offering into the PRC for such intended uses in the PRC as described in the section headed "Future Plans and Use of Proceeds" in this prospectus. There can be no assurance that such filings will be completed on a timely basis, or that we will receive the approvals we request, which may delay or prevent us from using the proceeds from the Global Offering for our intended purposes. In addition, if the PRC Government issues policies or regulations that aim at further regulating or restricting overseas investment in the PRC real estate industry and if these policies or regulations have a direct application to our business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We face intense competition from other commercial property developers in China

The PRC real estate market has been highly competitive in recent years. Many domestic and overseas property developers have entered the property development markets and begun undertaking property development and investment projects in the Yangtze-River Delta Region and other regions of China that we may expand into. Some of our competitors may have a better track record, greater financial, marketing and land resources, large sales networks and a stronger brand name.

Competition among property developers may result in increased competition for quality sites, increased land acquisition costs, increased costs for raw materials, shortages of skilled contractors, oversupply of properties, decreased property prices, slowdown in the rate at which new property developments will be reviewed and approved by the relevant PRC Government authorities and increase in administrative costs for hiring or retaining qualified personnel, all of which could materially and adversely affect our profitability. Such competition may also affect our ability to attract and retain tenants and customers and may reduce the rents or prices we are able to charge. Competing properties may have occupancy rates lower than our properties, which may result in those competitors being willing to lease or sell available space at lower prices than the space in our properties. If we are unable to compete effectively, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we face intense competition in our property leasing and property management business. Competition in such businesses is based on quality of services, brand name recognition, commission rates and range of services. As compared to property development, such business does not require significant capital commitments. This low entry barrier provides easy access for new competitors to enter into this business. New and existing competitors may offer competitive rates, greater convenience or better services and take business opportunities away from us. If we fail to compete effectively, our property leasing and property management business may suffer and our business, financial condition and results of operations may be materially and adversely affected.

Our ability to develop hotels in the PRC may be restricted by policies and regulations introduced by the PRC Government with respect to overseas investment

On December 24, 2011, the MOFCOM and the NDRC jointly issued the revised Catalogue of Guidance on Industries for Foreign Investment（外商投資產業指導目錄）, which has become effective since January 30, 2012, and provided, among other things, that the development and construction of high-end hotel, office building, villa or golf course by a foreign-invested enterprise is restricted or prohibited. We currently operate one hotel, namely Holiday Inn Hangzhou Xiaoshan, and we have plans to develop and operate six additional hotels, two of which we expect will be managed by us under our "Run Zhou" brand or "潤洲" brand and the remaining four we expect will be managed by internationally-renowned hotel operators, namely Hilton（希爾頓）, Fairmont（費爾蒙）, JW Marriott (JW萬豪) and Swissôtel（瑞士酒店）. We have applied for and have been granted approval in respect of the operation of Holiday Inn Hangzhou Xiaoshan from the relevant Hangzhou Development and Reform Commission. If in the future the NDRC takes a different view from the view taken by the relevant Hangzhou Development and Reform Commission regarding the operation of Holiday Inn Hangzhou Xiaoshan, we may be required to re-submit our application to the NDRC for approval which could have a material adverse effect on our business, financial condition and results of operations. In addition, in future if we plan to develop high-end hotels, such properties may be subject to the review and require approval by the MOFCOM and NDRC.

The hotel industry is cyclical and macroeconomic and other factors beyond our control can have a material adverse effect on demand for our hospitality product and services

We own and operate hotels in the PRC. As a result, results of operations of our hotel business depend, to a large extent, on the performance of the PRC economy and real estate market conditions. Historically, the hotel industry has been cyclical and affected by, amongst other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, and political and economic developments. There can be no assurance that the economies in which we operate will not decline or that interest rates will not rise in the future. An economic decline generally, or a decline in hotel industry conditions could have an adverse effect on our hotels business and therefore on our financial condition and results of operations.

Our business will be adversely affected if we fail to obtain, or experience delays in obtaining, necessary government approvals for any major property development

China's property markets are strictly regulated by the PRC Government. Property developers in China must comply with various laws and regulations, including rules stipulated by the local PRC Government. To develop and complete a property project, we must apply to relevant governmental departments for various licenses, permits, certificates and approvals, including land use rights certificates, construction works planning permits, construction commencement permits, pre-sale permits and completion acceptance certificates. Each approval is contingent upon the satisfaction of various conditions, which are often subject to the discretion of relevant PRC Government officials and subject to change due to new laws, regulations and policies, especially those with respect to the real estate sector, promulgated from time to time. We cannot assure you that we will be able to fulfill all the conditions necessary to obtain the required PRC Government approvals, or that relevant PRC Government officials will always, if ever, exercise their discretion in our favor, or that we will be able to adapt to any new laws, regulations and policies. There may also be delays on the part of PRC Government authorities in reviewing our applications and granting approvals, whether due to the lack of human resources or the imposition of new rules, regulations or government policies or their implementation, interpretation and enforcement.

In addition, a property developer must renew its qualification certificates on an annual basis unless the rules and regulations allow for a longer renewal period. Due to our business expansion, we usually set up a newly established project company to develop and operate the properties in a new city. According to the current PRC regulations on qualification of property developers, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. More established property developers must also apply for renewal of their qualification certificates on an annual basis. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates. We may not be able to obtain the qualification certificates in a timely manner, or at all. If we do not possess valid qualification certificates, the PRC Government may refuse to issue pre-sale and other permits necessary for our property development business. In addition, the government may impose a penalty on us for failure to comply with the terms of qualification certificates.

If we are unable to obtain, extend or renew our necessary government approvals in a timely manner, our operations may be substantially disrupted, which would materially and adversely affect our business, financial condition and results of operations.

Sales of our properties are subject to land appreciation tax

Under PRC tax laws and regulations, our properties developed for sale are subject to LAT, which is payable to the relevant local tax authority. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, which is calculated based on the appreciation in value representing the balance of the proceeds received on such sales, after deducting various prescribed items, including payments made for acquisition of land use right, the direct costs and expenses of the development of the land and construction of the buildings and structures, finance costs up to a maximum of 10% of the total land acquisition costs and construction costs, the appraised price of any existing buildings and structures on the land and taxes related to the assignment of the property. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use right and the costs of land development and construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

On December 28, 2006, the SAT issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development (《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》). This notice came into effect on February 1, 2007 and provides further clarity on the application of LAT with respect to property development projects. First, the notice specified that taxpayers will be required to settle LAT for each property project developed, or if the project is developed in stages, for each stage of the project. Second, LAT should be imposed on taxpayers under the following conditions: (i) when a property development is completed and completely sold; (ii) when an unfinished property project that is subject to final accounts is wholly transferred to a third party; or (iii) when the taxpayer's land use right is directly transferred. Finally, LAT may be imposed on taxpayers under the following additional conditions: (i) where a property development has been completed and 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%, and the retained area is leased or used by the developer; (ii) where a property development has not been completely sold on the expiration of three years from the date the advanced sale or pre-sale license was obtained; (iii) where a taxpayer has applied for cancellation of 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 been prepaying LAT with reference to our pre-sale proceeds according to the relevant regulations of the local PRC Government in jurisdictions where we have operations. Such LAT prepayments are recorded as a part of "prepaid taxes" on our combined statements of financial position. We also made LAT provision of RMB106.3 million, RMB105.5 million and RMB116.8 million as of December 31, 2011, 2012 and 2013, respectively. However, the actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects and the PRC tax authorities may not agree with us on the basis on which we calculate our LAT obligations. We cannot assure you that our LAT provision will be sufficient to cover our past LAT liabilities. We also cannot assure you that the relevant tax authorities will agree with us on the basis on which we have calculated our LAT liabilities. 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 materially and adversely affected.

Any constructed GFA of our projects under development or future property developments deemed by the local government authorities to be non-compliant may be subject to government approval and additional payments

After we have completed construction of our properties, the local PRC Government authorities inspect our property developments and if the local PRC Government authorities find our property developments are in compliance with the relevant laws and regulations, they will issue Completion and Inspection Certified Reports (竣工驗收備案表), based on which we are able to deliver the developed properties to property purchasers. If the total GFA constructed exceeds the GFA originally authorized in the relevant land use rights grant contracts or government permits, or if the completed property contains built areas that do not conform with the plan as set forth in the relevant government permits, we may be required to pay additional amounts or take remedial actions in relation to such non-compliant GFA before we are able to obtain the relevant Completion and Inspection Certified Report for the relevant property development.

We cannot assure you that the local PRC Government authorities will not find the total constructed GFA of our projects under development or any of our future property developments to have exceeded the relevant authorized GFA under the relevant land grant contracts or government permits upon completion of their construction. Any finding that a substantial portion of such GFA does not comply with the relevant contracts or permits could have a material adverse effect on our business, financial condition, results of operations and prospects.

The PRC Government may impose fines on us or reclaim our land if we fail to comply with the terms of the land use rights contracts

Under PRC laws and regulations, if we fail to develop a particular project according to the terms of the relevant land use rights contracts, including those relating to the payment of land premiums and other fees, specified use of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning, impose a penalty, reclaim our land, or any combination of the above.

If we fail to pay any outstanding land premium by the stipulated deadline, we may be subject to late payment penalties of 0.1% of the unpaid land premium per day. If we fail to commence development for more than one year from the commencement date stipulated in the land use rights contracts, the relevant PRC land bureau may serve a warning notice on us and impose on us an idle land fee of up to 20% of the land premium on us. If we fail to commence development for more than two years, the land is subject to repossession by the PRC Government unless the delay in development is caused by government actions or force majeure. Moreover, even if we commence development of the land in accordance with the land use rights contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project, including the purchase price of the land, and the development of the land is suspended for over one year without PRC Government approval, the land will still be treated as idle land.

Many cities in China have set out specific enforcement rules on the forfeiture of idle land and the local authorities are expected to enforce such rules in accordance with the instructions from the central government of China. We cannot assure you that regulations relating to idle land in China or other aspects of land use rights contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use right contract by delaying project development, or as a result of other factors, we may lose the opportunity to develop the projects on such land, as well as our past investments in the land, which would materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE PRC

Our business, financial operation and results of operations are heavily impacted by the PRC's political, economic and social situation

Since 1978, China's GDP has grown at a rapid rate. Between 2008 and 2013, China's economy averaged 9.0% year on year real GDP growth per year. However, we cannot assure you that such growth will continue in the future.

The PRC economy differs from the economies of most developed countries in many respects, including political structure, government involvement, level of development, economic growth rate, control of foreign exchange, allocation of resources and balance of payment position. As a result of such differences, our business may not develop in the same way or rate as may be otherwise expected. The PRC economy has been transitioning from a planned economy to a more market oriented economy. For approximately three decades, the PRC Government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy, and the PRC Government is continuing to play a significant role in regulating industries by imposing industrial policies. We cannot predict whether changes in the economic, political and social conditions of the PRC will materially and adversely affect our current or future business, financial condition, results of operations or prospects. In addition, many of such economic reforms are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of these reform measures. This refining and adjustment process may not necessarily have a positive effect (and may even have an adverse impact) on our operations and business development. For example, the PRC Government has in the past implemented a number of measures intended to slow down certain segments of the economy that the government believed to be overheating (such as the real estate industry), including raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans via raising bank reserves against deposits.

Moreover, even if new policies may benefit us in the long term, we cannot assure you that we will be able to successfully adjust to such policies. If there is a further slowdown in the economic growth of the PRC, or if the PRC economy experiences a recession, demand for our products and services may also decrease and our business, financial condition, results of operations and operations may be materially and adversely affected.

Fluctuations in the value of the Renminbi may have an adverse effect on your investment

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies is affected by (among others) changes in the PRC's economic and political conditions and the PRC's foreign exchange regime and policy. In 2005, the PRC Government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, Renminbi is permitted to fluctuate within a band against a basket of currencies, determined by the PBOC, against which it could rise or fall by as much as 0.3% each day. On May 21, 2007, the PRC Government further widened the daily trading band to 0.5%. Between July 21, 2005 and December 31, 2009, Renminbi appreciated significantly against the U.S. dollar. In June 2010, the PRC Government indicated that it would make the foreign exchange rate of Renminbi more flexible, which increases the possibility of sharp fluctuations of Renminbi's value in the near future and the unpredictability associated with Renminbi's exchange rate. On March 17, 2014, the PRC Government further widened the daily trading band to 2%. Nevertheless, there still remains significant international pressure on the PRC Government to further liberalize its currency policy, which could result in a further and more significant fluctuation in the value of Renminbi against the U.S. dollar.

The majority of our revenues and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar or U.S. dollar will affect the relative purchasing power in Renminbi terms of the proceeds from the Global Offering. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. Further, fluctuations in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar will affect our financial results in Hong Kong dollar or U.S. dollar terms.

Further, there are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In an event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

The PRC Government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares

Currently, the Renminbi still cannot be freely converted into foreign currency and the conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. We receive the majority of our revenues in RMB. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries.

It cannot be guaranteed that, under a certain exchange rate, we will have sufficient foreign exchange to make dividend payments or to meet our other foreign exchange requirements.

Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require the prior approval of the SAFE, though we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. On the other hand, foreign exchange transactions under the capital account conducted by us must be approved by, registered or filed with the SAFE. There can be no assurance that these foreign exchange policies, including regarding payment of dividends in foreign currencies, will continue in the future.

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

All of our assets and our operations are, and will continue to be, conducted in the PRC and governed 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 and trade, with a view to developing a comprehensive system of commercial law. However, China has not yet 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. In addition, the PRC legal system is based in part on PRC 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 sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

The implementation of the New EIT Law may significantly increase our income tax expenses

On March 16, 2007, the PRC National People's Congress, the Chinese national legislature, adopted a new tax law, the New EIT Law, which became effective on January 1, 2008. On December 6, 2007, the State Council issued the Implementation Regulations of the Enterprise Income Tax Law of the PRC (the "**Implementation Regulations**"), which also became effective on January 1, 2008.

Under the New EIT Law and the Implementation Regulations, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaty. According to a tax treaty between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to a shareholder incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. We cannot assure you, however, that the current tax treaties in place between the PRC and Hong Kong will remain in place or that we will continue to be able to enjoy a reduced withholding tax on dividends we receive from our PRC subsidiaries.

We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our worldwide income

Under the New EIT Law, commencing January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% EIT rate as to their global income. Under the Implementation Rules, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, SAT 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. Therefore, we may be treated as a PRC resident enterprise for EIT purposes. The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the New EIT Law and the Implementation Rules.

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

Under the New EIT Law and the Implementation Regulations, PRC income tax at a rate of 10% is applicable to dividends payable by a PRC resident enterprise to investors that are non-resident enterprises (and those enterprises that do not have an establishment or place of business in the PRC, or those that have such an establishment or place of business but the relevant income of which is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Such dividends payable to non-resident individual Shareholders may be subject to PRC income tax at a rate of 20%. Similarly, any gain realized on the transfer of our Shares by such enterprises is also subject to 10% PRC income tax (20% in the case of non-resident individual Shareholders) if such gain is regarded as income derived from sources within the PRC. If we are regarded as a PRC resident enterprise, it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, will be treated as income derived from sources within the PRC and be subject to PRC income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the New EIT Law and the Implementation Regulations. If we are required under the New EIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

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

Pursuant to the Circular 698, issued by SAT on December 10, 2009 with retroactive effect from January 1, 2008, and Public Notice (2011) No. 24（國家税務總局公告2011年第24號）issued by SAT on March 28, 2011, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly through disposing of the equity interests of an overseas holding company, and the (i) actual tax imposed on the capital gain from the equity transfer is lower than 12.5%, or (ii) the jurisdiction in which the overseas holding company is established excludes foreign-sourced capital gain income, the foreign investor shall report this indirect transfer to the competent tax authority of the PRC resident enterprise. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of avoiding PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of 10%. However, there is still uncertainty as to the application of Circular 698. Our business, financial condition and operating results may be materially and adversely affected if we are subject to Circular 698 in the future.

Failure to comply with the SAFE regulations relating to special purpose vehicles by our beneficial owners may materially and adversely affect our business operations, limit our ability to inject capital into our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute profit to us or subject us to fines

On October 21, 2005, SAFE promulgated the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Special Purpose Companies（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）which became effective on November 1, 2005. The notice requires PRC domestic resident natural persons（境內居民自然人）to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicles without any round-trip investment being made.

Our indirect shareholders who are PRC residents are required to comply with foreign exchange registration requirements in all material respects in connection with any material change of financing activities of the special purpose vehicles. If our indirect shareholders who are PRC residents or we fail to comply with the relevant SAFE requirements, such failure may subject our indirect shareholders who are PRC residents or us to fines and legal sanctions, restrict our ability to inject capital into our subsidiaries in the PRC or limit the ability of our subsidiaries in the PRC to distribute profit or to distribute funds from capital reduction, share transfers or liquidations to us, which as a result may materially and adversely affect our business, financial condition and operating results.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions in the PRC against us, our Directors or senior management

We are a company incorporated under the laws of the Cayman Islands, but substantially all of our operations and assets are located in China. As a result, it may be difficult or impossible for you to effect service of process upon us or those persons inside China or to enforce against us or them in China any judgments obtained from non-PRC courts.

Moreover, China does not have treaties with most other jurisdictions, including Hong Kong, that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in China of the judgment of a non-PRC court, such as Hong Kong, in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Furthermore, an original action may be brought in China against us or our Directors or officers only if the action is required to be arbitrated by PRC law and upon the satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law and the discretion of PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

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

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

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

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. For example, any severe earthquake may result in significant casualties and property damage and a sharp decline in real estate transactions in the affected areas. Our operations are also vulnerable to interruption and damage from natural and other types of disasters, including fire, floods, environmental accidents, power loss, communication failures and similar events. If any other similar disaster or extraordinary events were to occur in the areas where we operate, our ability to operate our business could be seriously impaired.

In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our property development operations and our sales and marketing activities, which in turn may adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the listing of our Shares on the Stock Exchange, there has been no public market for our Shares. However, we cannot assure you that such listing will result in the development of an active and liquid public trading market for our Shares. Further, the Offer Price will be determined by agreement between us and the Sole Global Coordinator (on behalf of the Underwriters), and it may differ from (including being higher than) the market price of our Shares after Listing.

The market price, liquidity and trading volume of our Shares may be volatile and may fluctuate in response to factors beyond our control, such as general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere, and also the performance and fluctuation of the market prices of other companies (particularly property companies) with business operations in the PRC that have listed their securities in Hong Kong. Recently, a number of PRC companies have listed their securities (or are in the process of doing so) in Hong Kong. Some have experienced significant share price volatility (including significant declines) after their initial public offerings. The trading performances of the securities of such companies at the time of or after their offerings may affect the overall investor sentiment towards companies listed in Hong Kong whose primary operations are in the PRC, and consequently, may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual opening performance.

In addition to market and industry factors, the price of and trading volume of our Shares may be affected by specific business factors, such as variations in our revenue, earnings, cash flows, or the occurrence or speculation of any of the risks described in this section. We cannot assure you that these developments will not occur in the future.

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

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering and the Capitalization Issue. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible asset value to RMB1.93 (HK$2.43) per Share, based on the maximum Offer Price of HK$2.92, assuming there is no exercise of the Over-allotment Option.

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

There is no assurance that we will pay dividends in the future

No dividend has been paid or declared by our Company since its date of incorporation. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future. Our Directors may declare dividends after taking into account (among others) our results of operations, financial condition and position, the amount of distributable profits based on IFRS, our Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividend policy, please see the section headed "Financial Information – Dividend Policy and Distributable Reserves" in this prospectus.

We cannot guarantee the accuracy of facts, forecasts and statistics in this prospectus relating to China, the PRC economy and the PRC real estate industry

Certain facts, forecasts and statistics in this prospectus relating to China, the PRC economy and the PRC real estate industry have been derived from official government publications. However, these have not been prepared or independently verified by us, the

Sole Sponsor, the Sole Global Coordinator, the Underwriters or any of their or our affiliates or advisors and, therefore, we make no representation as to their quality, reliability or accuracy. Due to the possible flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, such facts, forecasts and statistics may be inaccurate or may not be comparable to facts and statistics produced for other economies. Furthermore, they may not be stated or compiled on the same basis or degree of accuracy as may be the case in other jurisdictions. Ultimately, prospective investors should carefully consider how much weight or importance they wish to attach to or place on such facts, forecasts or statistics.

In making your investment decision, you should rely only on this prospectus and not on any information contained in press articles or other media

Prior or subsequent to the publication of this prospectus, there has been or may be press and media coverage regarding us and the Global Offering, including (among others) certain financial information, projections, valuations and other information about the Group and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage, including the accuracy or completeness of any such information. We make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any such information included in such publications or otherwise reported or referred to by the media, or any of the assumptions underlying such information. We disclaim any statements in the press or other media that are inconsistent or conflict with the information contained in this prospectus. Accordingly, in making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.

Shareholder rights under Cayman Islands law differ from those under the laws of Hong Kong

Our corporate affairs are governed by our currently effective Memorandum of Association and Articles, the Companies Law, and the common law of the Cayman Islands. The fiduciary duties of our Directors to us and to our Shareholders and the rights of our Shareholders to take actions against our Directors are, to a large extent, governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from the relatively limited judicial precedents in the Cayman Islands as well as English common law, the latter of which are persuasive, but not binding, on Cayman Islands courts. The fiduciary duties of our Directors and the rights of our Shareholders under Cayman Islands law may differ from certain other jurisdictions, such as Hong Kong. You may find additional information in Appendix IV to this prospectus.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. These forward-looking statements include, but are not limited to, statements relating to:

- our operations and business prospects;
- future developments, trends and competition in the PRC real estate industry;
- products under development or planning;
- our strategy, business plans, objectives and goals;
- our capital expenditure plans;
- our dividend distribution plans;
- the prospective financial information regarding our business;
- our future financial condition and results of operations;
- the amount and nature of, and potential for, future development of our business;
- general economic conditions; and
- changes to regulatory and operating conditions in the markets in which we operate.

In some cases we use words such as "believe", "seek", "intend", "anticipate", "estimate", "project", "plan", "potential", "will", "may", "should", "expect" and other similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this prospectus, including statements regarding our future financial position, strategy, projected costs and plans and objectives of management for future operations, are forward-looking statements. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements.

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, factors disclosed under "Risk Factors" and elsewhere in this prospectus.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

1. CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions, which would constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. Details about such transactions together with the application for a waiver from strict compliance with certain requirements under Chapter 14A of the Listing Rules are set out in the section headed "Continuing Connected Transactions" of this prospectus.

2. PERMISSION FOR ALLOCATION OF RESERVED SHARES TO AN ASSOCIATE OF A DIRECTOR

In order to enable Qualifying Zhong An Shareholders to participate in the Global Offering on a preferential basis as to allocation only, Qualifying Zhong An Shareholders are being invited to apply for an aggregate of 47,352,700 Reserved Shares in the Preferential Offering, representing approximately 10.1% of the Offer Shares initially available under the Global Offering and approximately 2.7% of the total Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised) and representing approximately 8.8% of the Offer Shares initially available under the Global Offering and approximately 2.6% of the total Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is exercised in full), on the basis of an Assured Entitlement of 20 Reserved Shares for every whole multiple of 1,000 Zhong An Shares held by each Qualifying Zhong An Shareholders at 4:30 p.m. on the Record Date. The Qualifying Zhong An Shareholders include Whole Good, a company which is wholly owned by Mr. Shi, being a non-executive Director. In the absence of a written consent from the Stock Exchange, participation by a Director and/or his associates who are Qualifying Zhong An Shareholders in the Preferential Offering would be prohibited by paragraph 5(2) of Appendix 6 of the Listing Rules which restricts share allocations to directors or existing shareholders of the listing applicant or their associates, whether in their own names or through nominees, unless the conditions set out in Rule 10.03 and Rule 10.04 of the Listing Rules are fulfilled.

Rule 10.03 of the Listing Rules provides that directors of the listing applicant and their associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant if no securities are offered to them on preferential basis and no preferential treatment is given to them in the allocation of the securities. The Reserved Shares offered to Whole Good, which is a Qualifying Zhong An Shareholder, are to be offered on a preferential basis pursuant to the Preferential Offering and therefore the condition set out in Rule 10.03(1) of the Listing Rules is not fulfilled. However, Whole Good which is eligible to participate in the Preferential Offering will be participating in its capacity as a Qualifying Zhong An Shareholder (rather than in its capacity as an associate of a Director) on the same terms as all other Qualifying Zhong An Shareholders, and no preferential treatment will be given to it in its capacity as an associate of a Director.

In view of the above, our Company has sought the Stock Exchange's consent, and the Stock Exchange has consented, to the inclusion of Whole Good in the Preferential Offering notwithstanding the requirements under paragraph 5(2) of Appendix 6 to the Listing Rules and the requirements under Rule 10.03 of the Listing Rules, subject to the conditions that Whole Good is not offered Reserved Shares on a preferential basis to other Qualifying Zhong An Shareholders and the minimum public float requirement pursuant to Rule 8.08(1) of the Listing Rules will be complied with.

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The core business and operations of our Company are primarily located, managed and conducted in the PRC and substantially all of our Group's assets are based in the PRC. All of our executive Directors are ordinarily based in the PRC and our Group does not and, in the foreseeable future, will not have any management presence in Hong Kong.

In view of that, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the compliance with Rule 8.12 of the Listing Rules.

In order to ensure that regular communication is effectively maintained between the Stock Exchange and our Company, we will put in place the following measures:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives are Ms. Jin Ni, an executive Director, and Mr. Cheng Shing Hay, the chief financial officer and company secretary of our Company. Ms. Jin Ni holds valid travel documents to visit Hong Kong and Mr. Cheng Shing Hay is a holder of Hong Kong permanent identity card and is ordinarily resident in Hong Kong. In addition, Mr. Li Chu, an executive Director, is appointed as the alternate to the two authorized representatives. Each of the authorized representatives will therefore be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail (if applicable). Each of the two authorized representatives is authorized to communicate on behalf of the Company with the Stock Exchange;

(b) each of the authorized representatives has means to contact all members of the Board promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. In order to further enhance the communication between the Stock Exchange, our authorized representatives and our Directors, our Company will implement the policies that:

(i) each Director will provide his/her office phone number, mobile phone number, fax number and e-mail address to the authorized representatives and his/her respective alternate; and

(ii) in the event that a Director expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation to the authorized representatives and his/her respective alternate;

(c) all our Directors have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange upon reasonable notice;

(d) we will appoint Quam Capital Limited as our compliance adviser upon Listing pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will act as the alternate channel of communication with the Stock Exchange when our authorized representatives are not available. The compliance adviser will have access at all times to the authorized representatives (including the alternative authorized representative), the Directors and senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or request from the Stock Exchange in respect of our Company; and

(e) in addition, all Directors will provide their mobile phone numbers, office numbers, fax numbers and e-mail addresses to the Stock Exchange to ensure that they will be readily contactable when necessary to deal promptly with enquiries from the Stock Exchange.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that (i) the information contained in this document is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and (iii) all opinions expressed in this prospectus have been arrived at after due and careful considerations, and are founded on bases and assumptions that are fair and reasonable.

UNDERWRITING

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

The Listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date.

The International Offering (including the Offer for Sale) and the Preferential Offering are expected to be underwritten by the International Underwriters.

For further information about the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this prospectus.

SELLING RESTRICTIONS

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

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

INFORMATION ON THE GLOBAL OFFERING

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

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, including the Offer Shares, any Shares which may be sold or issued pursuant to the exercise of the Over-allotment Option. Dealings in our Shares on the Stock Exchange are expected to commence on Friday, June 27, 2014. None of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are advised to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in our Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, Shares.

OVER-ALLOCATION AND STABILIZATION

Please see the section headed "Structure of the Global Offering" for further details.

HONG KONG BRANCH REGISTER OF MEMBERS AND STAMP DUTY

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and Preferential Offering will be registered on our Company's branch register of members to be maintained in Hong Kong by Tricor Investor Services Limited. The Company's principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands, Royal Bank of Canada Trust Company (Cayman) Limited.

No stamp duty is payable by applicants in the Global Offering. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

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

PROCEDURE FOR APPLYING FOR HONG KONG OFFER SHARES AND RESERVED SHARES

The procedure for applying for Hong Kong Offer Shares and Reserved Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the relevant Applications Forms.

STRUCTURE OF THE GLOBAL OFFERING

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

PRACTICE NOTE 15 OF THE LISTING RULES

The Global Offering has been approved by the shareholders of Zhong An at an extraordinary general meeting of the shareholders of Zhong An held on Friday, May 30, 2014. Zhong An is required to comply with the requirements of Practice Note 15 of the Listing Rules which, among other things, require us to offer the Assured Entitlements to Qualifying Zhong An Shareholders. For further details of the Assured Entitlements, please refer to the section headed "Structure of the Global Offering – The Preferential Offering" in this prospectus.

CURRENCY TRANSLATIONS

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

HK$1.00 : RMB0.79486 (being the prevailing exchange rate on June 6, 2014 set by the PBOC)

HK$7.7524 : US$1.00 (being the noon buying rate in the City of New York for cable transfers as certified by the Federal Reserve Bank of New York on June 6, 2014)

RMB6.2498: US$1.00 (being the noon buying rate in the City of New York for cable transfer as certified by the Federal Reserve Bank of New York on June 6, 2014)

No representation is made that any amounts in Renminbi, U.S. dollars or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Jin Ni（金妮）	Room 501, Building 16 Guotai Garden Jinhui Road Xiaoshan, Hangzhou Zhejiang Province, PRC	Chinese
Mr. Li Chu（李礎）	Room 402, West Building 19 Panshui South Garden South Shixin Road Xiaoshan, Hangzhou Zhejiang Province, PRC	Chinese
Ms. Tang Yiyan（唐怡燕）	Room 602, East Building 24 Beigan One Garden Beigan Street Xiaoshan, Hangzhou Zhejiang Province, PRC	Chinese
Non-Executive Director and chairman of our Board		
Mr. Shi Kancheng（施侃成） (alias Shi Zhongan)	Room 101, Building 7 (East) Zhongan Garden Chengxiang Road Xiaoshan, Hangzhou Zhejiang Province, PRC	Chinese
Independent Non-executive Directors		
Mr. Ng Sze Yuen, Terry （吳士元）	Flat 21A, Block 1, Grand Garden 61 South Bay Road Repulse Bay, Hong Kong	Chinese
Mr. Xu Chengfa（須成發）	Flat 13A 7-11 Ching Wah Street North Point, Hong Kong	Chinese
Mr. Yim Chun Leung（嚴振亮）	Flat 55F, Block 6, The Belcher's 89 Pokfulam Road Pokfulam, Hong Kong	Chinese

For further information regarding our Directors, please see the section headed "Directors and Senior Management" in this prospectus.

Sole Sponsor	BOCOM International (Asia) Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
Sole Global Coordinator	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong KGI Capital Asia Limited 41/F Central Plaza 18 Harbour Road Wanchai Hong Kong GF Securities (Hong Kong) Brokerage Limited 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Legal Advisors to our Company	*as to Hong Kong law:* Chiu & Partners 40th Floor, Jardine House 1 Connaught Place Central Hong Kong

	as to PRC law: Jincheng Tongda & Neal 10th Floor, China World Tower 3 No. 1 Jianguo Menwai Avenue Beijing China 100004 *as to Cayman Islands law:* Conyers Dill & Pearman (Cayman) Limited Cricket Square PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisors to the Underwriters	*as to Hong Kong law:* Paul Hastings 21st-22nd Floor, Bank of China Tower 1 Garden Road Central Hong Kong *as to PRC law:* Jingtian & Gongcheng Suite 1202-1204, K. Wah Centre 1010 Huai Hai Road (M) Xu Hui District Shanghai
Reporting Accountants	Ernst & Young *Certified Public Accountants* 22/F CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Property Valuer	CBRE Limited 4/F Three Exchange Square 8 Connaught Place Central Hong Kong
Receiving Bank	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

Registered Office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters	Room 1201, 12th Floor Building 2, Highlong Plaza North Ganjie Road Xiaoshan, Hangzhou Zhejiang Province, PRC
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	40th Floor Jardine House 1 Connaught Place Central Hong Kong
Company website	www.chinanewcity.com.cn *(information on the website does not form part of this prospectus)*
Compliance adviser	Quam Capital Limited
Company secretary	Mr. Cheng Shing Hay *HKICPA, NZICA*
Authorised representatives (for the purpose of the Listing Rules)	Ms. Jin Ni Room 501, Building 16 Guotai Garden Jinhui Road Xiaoshan Hangzhou Zhejiang Province PRC Mr. Cheng Shing Hay Flat A, 7th Floor Block 5, Mount Haven 3 Liu To Road Tsing Yi Hong Kong
Authorised representative (for the purpose of the Companies Ordinance)	Mr. Cheng Shing Hay
Audit committee	Mr. Ng Sze Yuen, Terry *(Chairman)* Mr. Xu Chengfa Mr. Yim Chun Leung

Remuneration committee	Mr. Xu Chengfa *(Chairman)* Mr. Yim Chun Leung Ms. Tang Yiyan
Nomination committee	Mr. Xu Chengfa *(Chairman)* Mr. Yim Chun Leung Ms. Jin Ni
Corporate Governance Committee	Ms. Jin Ni *(Chairlady)* Mr. Ng Sze Yuen, Terry Mr. Yim Chun Leung
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Cayman Islands share registrar and transfer office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Principal bankers	Agricultural Bank of China Hangzhou Xiaoshan Branch No. 156 Renmin Road Hangzhou, Xiaoshan Zhejiang Province, PRC Agricultural Bank of China Hong Kong Branch 25th Floor, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong Bank of Communications Zhejiang Province Branch No. 1 Qianjiang New City Theater Road Hangzhou Zhejiang Province, PRC China Merchants Bank Hangzhou Xiaoshan Branch No. 656 City Center Road Hangzhou, Xiaoshan China Minsheng Banking Corp., Ltd Hangzhou Branch No. 25 Qingchun Road Hangzhou Zhejiang Province, PRC

Industrial Bank Co., Ltd Hangzhou Branch
No. 40 Qingchun Road
Industrial Bank Building
Hangzhou
Zhejiang Province, PRC

Ping An Bank Co., Ltd Ningbo Branch
No. 138 Jiang Dongbei Road
Ningbo
Zhejiang Province, PRC

We have extracted and derived the information and statistics in the section below, in part, from various official government publications and a report prepared by Shanghai CBRE Property Consultants Limited (the "**CBRE Property Consultants Report**") commissioned by us. We believe that the sources of the information and statistics in this section are appropriate sources for such information and statistics and have taken reasonable care in the extraction and reproduction of such information and statistics. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors or advisors or any other persons or parties involved in the Global Offering have independently verified such information and statistics directly or indirectly derived from official government publications or the CBRE Property Consultants Report, or make any representation as to the accuracy of such information or statistics.

CBRE Report

We have commissioned Shanghai CBRE Property Consultants Limited ("**CBRE Property Consultants**"), an Independent Third Party and an experienced consultant in the global real estate industry, to prepare a market report which analyzes the real estate markets and trends relevant to our portfolio. We will pay CBRE Property Consultants a total of RMB 680,000 for the preparation of the CBRE Property Consultants Report.

CBRE Property Consultants has prepared the CBRE Property Consultants Report in part based on macroeconomic and real estate statistics which have been principally adopted from the Statistical Yearbooks of the respective cities in the PRC. Where inconsistencies in methodologies of data collection are known to CBRE Property Consultants, they have been indicated in this report. However, CBRE Property Consultants does not warrant or represent that such information or methodologies are accurate or correct.

In preparing the CBRE Property Consultants Report, CBRE Property Consultants has adopted the following general approach and methodologies:

- Data source: CBRE has leveraged primarily upon various industry and government statistics databases, as well as CBRE's proprietary databases and industry knowledge in preparing this report.

- Data analysis: Wherever possible, data items were analyzed systematically and consistently across different cities in order to insure relevant comparisons.

- Trend analysis: CBRE Property Consultants utilized information from relevant city "5-year plans" and relevant local planning bureaus, along with CBRE Property Consultants' broad industry network and experience to identify existing and expected market trends.

- Real estate demand drivers: CBRE Property Consultants identified the key demand drivers in each of the relevant sectors in order to link with broader trend analysis and provide insight into potential growth scenarios.

- Quality control: Wherever possible, CBRE Property Consultants cross-checked information against independent sources to minimize the possibility of using erroneous data.

CBRE Property Consultants has adopted certain assumptions when information was not available or falls outside of the scope of its expertise. Whilst assumptions have been adopted based on the careful consideration of factors known as of the date of this document, the risk that any of the assumptions may be incorrect should not be ruled out.

The CBRE Property Consultants Report also includes statements related to future matters including projections, expectations, and future trends. CBRE Property Consultants advises that such statements are provided as an estimate and/or opinion based on the information known to CBRE Property Consultants at the date of this document. Such statements are regarded as indicative possibilities rather than absolute certainties. They involve assumptions about many variables and any variation due to changing conditions will have an impact on the final outcome. CBRE Property Consultants does not warrant that such projections or forecasts will be achieved.

1. CHINA OVERVIEW

1.1. Introduction

The People's Republic of China (China) is Asia's largest country, excluding Russian territory in Northern Asia, with a total land area of 9.6 million km^2. China is also the most populous country in the world with a total population of approximately 1.36 billion people, as of 2013.

Economically, in 2010, China surpassed Japan as Asia's largest economy and became the second largest economy in the world. As of 2013, China had a nominal gross domestic product (GDP) of RMB 56.9 trillion, approximately US$9.3 trillion[1]. Between 2008 and 2013, China's economy has averaged 9.0% YoY real GDP growth per year, the fastest among major world economies.

In general, China's coastal provinces are more industrialized compared to inland provinces and a large amount of economic activity has been centered on three "economic powerhouse" regions along the coastal regions of China: 1) Yangtze River Delta ("**YRD**"), 2) Pearl River Delta ("**PRD**") and 3) Bohai Economic Rim.

The YRD region is where our business mainly focuses in, which comprises of Zhejiang province (Zhejiang), Jiangsu province (Jiangsu) and the municipality of Shanghai (Shanghai) with a total population of 158.5 million, as of 2013. The YRD region enjoys higher GDP per capita and disposable income per capita as compared to national level standards, making the YRD one of the most economically prosperous regions in China.

[1] *RMB 1 = US$0.1626. Exchange Rate is the 2013 average, Source: Google Finance.*

In 2013, the YRD's nominal GDP reached RMB 11.8 trillion[2] and GDP per capita reached RMB 74,448, approximately 78% higher than the national average. Disposable income of YRD's residents, as of the end of 2013, reached RMB 36,104 per capita, approximately 34% higher than the national average[3].

1.2. Real Estate Investment and Development

In 2002, the land auction system was formally introduced in China. After the introduction of the land auction system, acquisition of land was made more transparent and accessible, and real estate investment started to gain significant momentum after 2002.

Between 2008 and 2013, investment in real estate grew at a CAGR of 22.5% and reached RMB 8.6 trillion at the end of 2013. By the end of 2013, investment in real estate as a percentage of fixed assets investments ("**FAI**") had reached 19.2%, from 18.1% in 2008.

Total GFA completed between 2008 and 2013, for all property types, grew at a CAGR of 8.8% and total GFA sold, for all property types, grew at a CAGR of 14.6%. Average selling prices, of all property types, also grew significantly at a CAGR of 11.1% between 2008 and 2012 (latest available).

Since 2008, residential real estate has made up the majority of completed floor space in China. As of 2012, residential real estate accounted for 79.5% of GFA completed, followed by commercial real estate and office real estate, accounting for 10.3% and 2.3% respectively. While residential real estate accounts for the majority of GFA completed, between 2008 and 2012 however, commercial GFA completed grew the fastest at a CAGR of 12.4%, followed by residential and office real estate.

In terms of purchasing demand, residential real estate accounts for the largest amount of GFA sold, followed by commercial real estate. However, office GFA sold has increased the fastest, growing at a CAGR of 18.1%, between 2008 and 2012.

1.3. Real Estate Demand Drivers

We derive our revenue primarily from the sale of and investment in office space, retail space, and serviced apartments, and hotel operation and our results of operations will be affected by the following:

Office Space Demand Drivers

In general, office demand in China is driven primarily by three factors:

[2] *The nominal GDP of Yangtze River Delta is calculated as the sum of Zhejiang, Jiangsu and Shanghai's nominal GDP*

[3] *GDP per capita and disposable income of Yangtze River Delta is calculated as the weighted average of Shanghai, Jiangsu and Zhejiang's per Capita GDP and disposable income.*

1) *Growth of Tertiary Industries and Integration of China into the Global Economy*

Since China's entry into the World Trade Organization ("**WTO**"), China's economic development has been rapid. China is now the second largest economy in the world. While China has traditionally relied on manufacturing, exports, and FAI for economic growth, in recent years tertiary industries' contribution to GDP has increased, especially in more economically advanced regions. In Zhejiang and Jiangsu, for example, tertiary industries in 2013 contributed 46.1% and 44.7% to GDP respectively, a significant increase from 39.0% and 35.0% in 2004, respectively.

2) *Infrastructure Development*

With China's economic growth came increased investment in infrastructure. As an example, in 2004, throughout China there were only 8 operational metro systems. By 2013, there were 16[4]. The development of key infrastructure in many cities throughout China has increased accessibility and, consequently, the demand for office space, especially in decentralized areas. China also has one of the most developed high-speed rail networks in the world, spanning 9,356 km as of the end of 2012[5]. The government has plans to expand the rail network to a total track length exceeding16,000 km by 2020[6].

3) *Decentralization*

As a result of increased urbanization, crowding of downtown areas in numerous first and second tier cities is becoming an issue. In an attempt to address this issue, there has been a growing trend of encouraging the development of new cities centers in decentralized suburban regions. Improvement of infrastructure has helped accelerate this process.

Retail Space Demand Drivers

In general, retail space demand in China is being driven primarily by three factors:

1) *Increasing Levels of Disposable Income*

Since China's entry into the WTO, the retail sector in China developed rapidly along with the rising disposable income of local residents. Between 2008 and 2013, disposable income per capita grew at a CAGR of 11.3%,

[4] *Ministry of Transport. www.moc.gov.cn. Note: the Ministry of Transport quoted 16 operational metro systems in 2013. One was launched in 2013. CBRE Property Consultants derived the 2012 figure by subtracting one from the 2013 figure.*

[5] *Ministry of Rail 2013 Work Conference in January 2013. 2012 figure quoted from Mr. Sheng, Head of the Ministry of Rail.*

[6] *"Extra 800 Billion Yuan Needed to Meet 2012 High-Speed Rail Goals", People's Daily Online, July 30, 2010 – http://english.peopledaily.com.cn/90001/90778/90862/7087074.html*

while the annual per capita consumption expenditure of urban households grew at a CAGR of 10.3%. Accordingly, retail sales grew at a CAGR of 15.7% during the same period.

2) *Changing Retail Formats*

The shopping mall is now becoming the dominate retail format in many cities as consumer preferences become more sophisticated, and the overall shopping experience is becoming more important. An increasing amount of consumers treat shopping as a form of entertainment for the entire family rather than just a necessity. Nowadays, a popular strategy is to integrate shopping, entertainment, and F&B in order to extend the length of consumers' stay and encourage spending. The shopping mall usually provides wider selections of goods and services, as well as more comfortable shopping environment.

3) *Emergence of Regional/Suburban Shopping Malls*

In recent years, decentralization and suburbanization has become a phenomenon in China. As a result, there has been a growing trend of encouraging the development of town centers in decentralized suburban regions. This has generated demand for regional and suburban shopping malls.

In addition to the above demand drivers, it is noted that the retail sector has seasonality considerations. In China, notable extended holiday periods include Spring Festival, Golden Week and Mid-Autumn Festival. During these long holiday periods, it is not uncommon for retail sales to increase substantially.

Hotel Demand Drivers

Demand for Hotel rooms can be divided into three major groups:

1) *Corporate Demand*

Economic growth, in general, generates corporate hotel demand. On a more regional and local level, close concentration of commercial real estate, such as high-quality offices, business parks and industrial parks, are also strong generators of regional hotel demand. Corporate demand is typically the most substantial demand segment in most Chinese cities.

2) *MICE*

MICE is an acronym for Meetings, Incentives (tourism), Conferencing, and Exhibitions. MICE is another key demand driver for hotels and, as China's tertiary industries continue to increase, hotel demand from MICE can be expected to increase.

In China, there have also been an increasing number of business tours and conferences as hotel prices and availability of hotel rooms in China are competitive to traditional conference centers regionally such as Hong Kong. As the number of conferences increase, it can be expected that demand for hotels will also increase.

3) *Group Travelers and Individual Tourist*

Tourism is on the rise in China. Group travelers in China account for the largest portion of China's tourists. Tourism demand in China is largely driven by rising disposable income levels. Tourist travel accounts for a significant proportion of hotel demand in China's tourism-related cities, including Hangzhou, Suzhou, as well as in resort areas such as Qiandaohu in Zhejiang province.

Serviced Apartment Demand Drivers

For the purposes of this report, serviced apartments are typically defined as furnished apartments available for short-term or long-term stay with full amenities such as a full kitchen, which are not typically found in a hotel, and with additional services such as daily or weekly housekeeping, dry cleaning, and a concierge. Demand for serviced apartments can be divided into three major groups:

1) *Long-term Traveler*

Long-term travelers are usually company employees or business travelers that have been assigned away from their headquarters or home base for an extended period of time. Usually these travelers prefer amenities such 3as a kitchen and on-site fitness facilities, as well as services such as housekeeping, laundry, and business services. Serviced apartments usually offer these as well as lower cost compared to hotels for longer term stays.

2) *Leisure Traveler*

There is a niche group of travelers who look for flexibility and increased comfort. Leisure travelers may choose to stay in a serviced apartment rather than a hotel due to better amenities and competitive pricing of serviced apartments.

3) *Corporate Demand*

There are an increasing number of corporate travelers that are seeking an alternative to hotels. Serviced apartments provide a good alternative as serviced apartments provide additional amenities and larger rooms at prices competitive to hotels which can also be attractive to short-term corporate travelers.

1.4. Real Estate Policies

For details of recent real estate reforms and recent regulatory developments, please refer to the section headed "Laws and Regulations Relating to the Industry – Measures on Stabilizing Housing Price."

The Outline for National Tourism and Leisure (2013-2020)

In 1Q 2013, the State Council approved "The Outline of National Tourism and Leisure (2013 -2020)" (Tourism Strategy). The main objective the Tourism Strategy is to i) meet the increasing demand for tourism and leisure, ii) promote the healthy development of tourism and leisure, and iii) build a "Chinese-style" national tourism and leisure system. Key initiatives and guidelines under the strategy include:

1) By 2020, a paid annual leave system for employees, both urban and rural shall be implemented nationwide.

2) The government shall encourage various government agencies, social organizations, private corporations, and public institutions to increase annual leave flexibility amongst employees.

3) Promote tourism and leisure infrastructure. This includes: i) increased support for the development of hotels, ii) better protection of public parks and public leisure space, iii) increasing the amount of public space, iv) improve accessibility for the disabled.

4) Local governments shall improve local public transport systems and transport services to tourism assets.

5) Improve the current national tourism and leisure environment by: i) increasing the amount of free museums, memorial halls, and other tourism sites, ii) stabilize, and eventually lower, ticket prices for parks and other scenic spots, iii) favorable ticket policies for minors, seniors, students, and the disabled, and iv) free entry on special public holidays.

6) Encourage vacation in rural and less developed areas. This will include the development of tourism and leisure products such as bicycle tourism, self-drive tourism, sport and fitness tourism, snow tourism, and the promotion of traditional culture.

Promotion of Retirement Services Industry

In 3Q 2013, Premier Li Keqiang, at a State Council executive meeting, said that the government will change the current "single-handed" approach to elderly care and promote a "retirement services industry" by setting up specialized institutions and encouraging foreign investment in these services. To foster the "retirement services industry", the State Council has proposed:

1) The government will be a "guarantor of last resort", which will ensure a basic level of care and services.

2) Publicly run care homes, in cities, will primarily provide mainly free or low-cost services to seniors with little or no income, no supporting dependents, and with physical disabilities.

3) Publicly run care homes, in rural areas, will provide food, clothing, shelter, medical care, and burial services to seniors with little to no income.

4) Simplification of procedures and reduction of administrative fees to encourage private sector participation and foreign investment.

5) The government will develop and define retirement services industry standards.

3rd Plenum Policy on Rural Development

In 4Q 2013, CPC Central Committee announced several key issues following the 18th Third Plenum. Key policies and guidelines related to rural development include:

1) Future infrastructure investment will primarily be directed towards suburban areas along with encouraging capital flows to these areas.

2) Changes to China's "Hukou", or residency permit, system can be expected to facilitate rural residents migrating to urban areas, particularly in China's 2nd- and 3rd-tier cities.

3) Changes to the way rural land is treated can be expected to further facilitate the urbanization process by allowing rural residents to receive increased compensation when their land is sold for commercial development. In the longer term, a more free movement of rural residents to urban areas can be expected, thus creating demand for urban residential units.

We have been and will be operating and developing integrated commercial complexes located in fast growing and emerging city centers and our results of operations will be affected by the following trends.

National New Urbanization Plan 2014-2020

In 1Q 2014, the State Council announced the "National New Urbanization Plan 2014 – 2020" (New Urbanization Plan). Key initiatives and guidelines of this New Urbanization Plan include:

1) Promote the reform of the current household registration system, known as "hukou", and increase the equability of basic public services between urban residents, migrant workers presently living in cities, and rural residents.

2) A new residence permit system will be introduced, with different levels of eligibility requirements. This is expected to allow a greater number of migrant workers that have already settled into cities, but have yet to gain urban residency status, access to basic public services which were previously inaccessible.

3) Progressively granting urban residency status to eligible rural migrant workers, and their families, who have the sufficient means to permanently settle in cities.

4) Modernization of agriculture. Key initiatives to achieve this goal include: i) improvement of agricultural technology and management, ii) improvement of storage and distribution systems of agricultural products, iii) guaranteeing food safety and the supply of important agricultural products, and iv) improvement of pricing mechanism for agricultural products. These initiatives are expected to increase the skills of farmers and rural residents, narrowing the development gap between rural and urban residents, as well as improving food safety and security.

5) Foster and develop new city clusters such as the Chengdu-Chongqing region, the Central China Plain, and the middle reaches of the Yangtze River. The aim of developing new city clusters is to avoid overcrowding of existing major city clusters and to promote balanced development of geographical space by creating new regional economic centers.

6) Promote and develop specialized industries of small and medium-sized cities so that they are able to attract rural residents and avoid overcrowding of existing major city clusters. This will also involve the integration of small and medium-sized cities to existing transportation and information networks.

7) Preserve culture and foster the uniqueness of individual cities and townships. The goal is to diversify the development of different cities according to their own natural, historical, and cultural characteristics. This will also include the preservation of cultural relics, restoration and protection of historical landmarks, and the preservation of local cultures.

8) Promote a green and low-carbon urbanization process, and reduce damage to the environment. Initiatives to achieve this goal include: i) conservation and efficient use of water, land, energy, and other

non-renewable resources, ii) increase ecological restoration and environmental protection, iii) promote the development of green and smart cities, iv) encourage a "green lifestyle", v) encourage low-carbon construction methods, and vi) encourage low-carbon operation and management of cities.

1.5. Development Trends

Satellite Towns

There has been a trend towards the development of satellite towns in China. Two major factors influencing this trend include:

1) Urbanization

According to the United Nations' Department of Economic and Social Affairs, between 2011 and 2015, 230.3 million people in China will shift from rural areas to urban areas. In recent years, this has led to the crowding of downtown areas, which has pushed up real estate prices. With downtown areas becoming increasingly expensive and crowded, there is growing demand for better working and living environments outside of the downtown areas.

2) Master Planning

Development of decentralized town centers and suburban areas are increasing. As such an increasing number of local governments are drawing up master plans which include the development of decentralized towns. In addition, decentralized district governments are often eager to compete with their central district counterparts and often offer incentives for developers and occupiers.

In support of the trend towards the development of satellite cities, the National Development and Reform Commission (NDRC) has recently announced that it would develop ten more city clusters as China urbanizes further. Existing city clusters include Beijing-Tianjin-Hebei, YRD, and PRD with further development expected in China's Western regions[7]. The YRD cluster comprises such cities as Shanghai, Hangzhou, Suzhou, Ningbo, and Nanjing, and is expected to benefit from continued government efforts to develop the YRD city cluster.

In addition to the NDRC's announcement, Ministry of Housing and Urban-Rural Development (MOHURD) has also recently announced that it would require each city / county to recommend at least one small town to be included in the government's priority support list for key development. Eligible towns must meet certain criteria such as population size, significant location advantages, and

[7] *Source: "China to Develop Ten More City Clusters Amid Urbanization", China Financial Scope July 12, 2013 quoting from the NDRC – http://www.chinascopefinancial.com/en/news/post/27110.html*

have large potential for economic development. Key towns are expected to have the ability to provide integrated services, urban planning and management skills, as well as scientific and technological innovation capabilities[8].

These two recent announcements by central government agencies reflect the government's commitment to decentralization and development of satellite cities.

Trend towards Mixed Use Commercial Development

In recent years, there has been a trend towards mixed use development projects in large cities across China. This trend is in part linked to the trend of development of satellite cities outlined above. On the supply side, mixed-use commercial development has been largely driven by the following factors:

1) The government's control on residential real estate has increased the number of mixed use development projects which may comprise both commercial and residential (or quasi-residential) components. This may assist in discouraging purely speculative development and investment which is more prevalent in the residential sector. Accordingly, in some cases the Government has been bundling up many land sites into larger parcels and land sites are now often earmarked for mixed use.

2) Local governments can generate a higher and more sustainable tax base from commercial properties, as compared with pure residential properties. Taxes generated by commercial properties which are not generated by residential properties include:

    a) Real Estate Tax – 12% of rental revenues

    b) Corporate Tax – 25% of profits for business occupying the commercial properties

    c) Personal Income Tax – for employees working in commercial properties

3) Commercial properties create employment opportunities within those districts they are located, and therefore support the successful economic development of those districts.

On the demand side, factors influencing the trend of mixed-use commercial development include:

1) Urbanization has accelerated the development of satellite towns and regional commercial centers located outside of the core downtown areas. Typically, mixed-use development projects are favored in these areas.

[8] *Source: "China to Increase Support for Small Town Development", China Financial Scope August 14, 2013 quoting from MOHURD – http://www.chinascopefinancial.com/en/news/post/27774.html*

2) Increasing popularity of "Work/Live/Play" concept. Increasingly, people prefer to work, live, and play in one central location as urban sprawls in China continue to expand and commutes between suburban areas to downtown areas become longer.

3) Mixed use commercial projects provide for synergies between the various components, thus increasing the probability of overall success for the project. For example, office buildings will create demand for hotels located on adjacent land plots. The hotel will in turn increase the achievable rentals for office buildings as it is seen as a key supporting facility.

4) Developing mixed used projects, developers can diversify their risk across different sectors. A developer of a mixed used project, for example, can potentially diversify their risk across office, retail, and residential sectors. A pure residential developer, however, is highly susceptible to residential market fluctuations and policies directed at the residential sector.

2. PROVINCIAL PROFILES

This section provides an introduction to Zhejiang and Jiangsu provinces, where the majority of portfolio assets are located.

2.1. Zhejiang Province

Zhejiang province is located southern part of YRD area. It borders Jiangsu province and Shanghai municipality to the north, Anhui province to the northwest, Jiangxi province to the west, and Fujian province to the south.

Historically, Zhejiang province has been the epicentre of capitalist development in China and has traditionally been at the forefront in China's market economy and private enterprise development.

Zhejiang has 11 prefecture-level (and above) cities. Among the 11 cities, Hangzhou has the largest economy with a total nominal GDP of RMB 834.4 billion as of 2013. Ningbo has the second largest economy in Zhejiang, with a total nominal GDP of RMB 712.9 billion as of 2013.

Zhejiang Macroeconomic Overview

Zhejiang had a total resident population of 55.0 million as of 2013, with approximately 35.2 million urban residents as of 2013. Zhejiang has seen strong economic growth since 2008, averaging 9.4% YoY real GDP growth per year up to 2013, higher than the national level of 9.0%. In nominal terms, Zhejiang's GDP reached RMB 3.76 trillion in 2013. As of 2013, tertiary industries contributed 46.1% to Zhejiang's GDP. Wholesale and retail trade, financial services, and real estate were the most productive tertiary industries in Zhejiang.

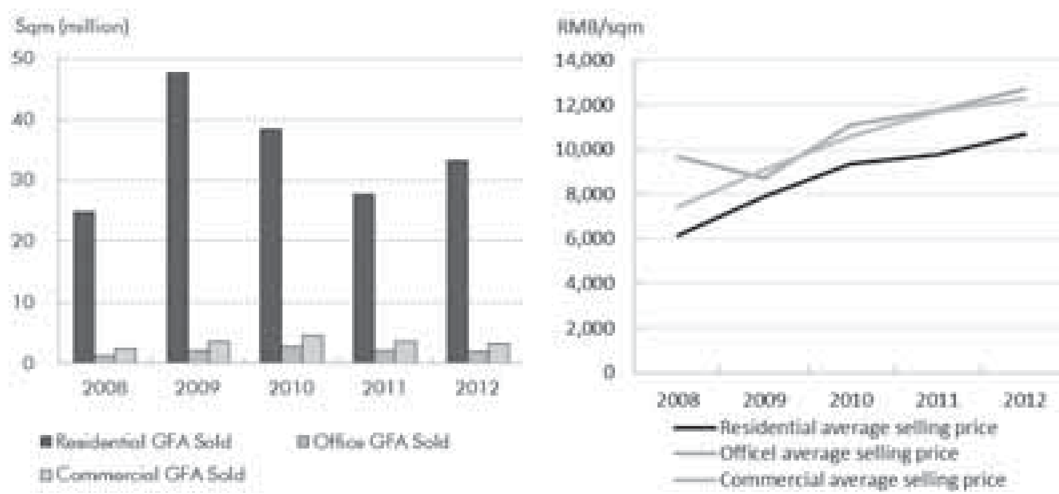
Strong economic growth in Zhejiang increased disposable incomes and expenditures of its urban residents. In 2013, disposable income of urban households reached RMB 37,851 per capita and private consumption expenditure of urban households reached RMB 23,257 per capita, amongst the highest in the country. Between 2008 and 2013, retail sales in Zhejiang grew at a CAGR of 15.0%, reaching RMB 1.51 trillion.

Zhejiang Real Estate Overview

Zhejiang's FAI reached RMB 2.02 trillion in 2013, from RMB 855 billion in 2008, increasing at a CAGR of 18.8%, lower than the national level of 20.9%. However, during this period, real estate investment grew by a CAGR of 25.2%, higher than the national level of 22.5%, and reached RMB 621.6 billion as of 2013 from RMB 202.3 billion in 2008.

Between 2008 and 2013, real estate investment as a percentage of FAI has steadily increased reaching a peak of 31.8% in 2011. After 2011, real estate investment as a percentage of FAI declined as a result of the government's restriction policies on residential real estate and the government's push to develop infrastructure.

Figure 6: Zhejiang GFA Sold and Average Selling Price



Source: Zhejiang Provincial Bureau of Statistics, CEIC Data, a subsidiary of Euromoney Institutional Investor plc ("CEIC"), CBRE Property Consultants

2.2. Jiangsu Province

Jiangsu province is located in the northern region of the YRD and borders Shandong province to the north, Anhui province to the west, and Zhejiang province and Shanghai municipality to the South. Machinery, electronics, automobiles and petrochemicals are the pillar industries of Jiangsu.

Suzhou and Wuxi, two cities in southern Jiangsu, in close proximity to Shanghai, are among some of the most economically prosperous cities in China. At present, southern Jiangsu, where Nanjing, Suzhou and Wuxi are located, is more economically prosperous than northern Jiangsu.

2.2.1. Key Cities in Jiangsu

Jiangsu has 13 key cities. Among the 13 cities, Suzhou has the largest economy, with a total nominal GDP of RMB 1.3 trillion as of 2013, followed by Wuxi, with a total nominal GDP of RMB 807.0 billion as of 2013.

Jiangsu Macroeconomic Overview

Jiangsu had a total population of 79.4 million as of 2013, with approximately 50.9 million urban residents as of 2013. Jiangsu has seen very strong GDP growth between 2008 and 2013 averaging 11.4% YoY real GDP growth per year, significantly higher than the national level of 9.0%. In nominal terms, Jiangsu's GDP reached RMB 5.92 trillion in 2013. As of 2013, tertiary industries contributed 44.7% to Jiangsu's GDP. Wholesale and retail trade, financial services, and real estate were the most productive tertiary industries in Jiangsu.

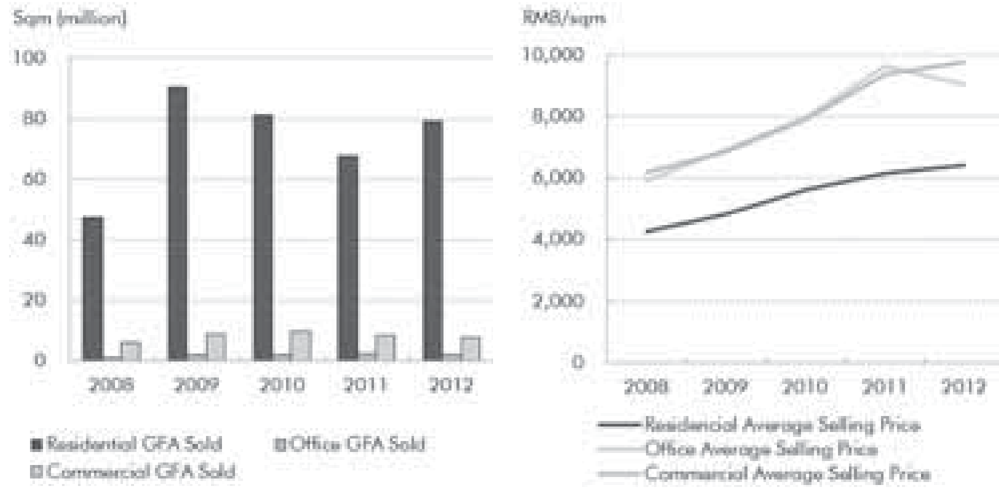
Strong economic growth in Jiangsu increased disposable incomes and expenditures of its urban residents. In 2013, disposable income of urban households reached RMB 32,538 per capita and private consumption expenditure of urban households reached RMB 20,371 per capita, amongst the highest in the country. Between 2008 and 2013, retail sales in Jiangsu grew at a CAGR of 15.8%, reaching RMB 2.07 trillion in 2013, from RMB 990.5 billion in 2008.

Jiangsu Real Estate Overview

Real estate investment in Jiangsu reached RMB 724.1 billion in 2013, growing at a CAGR of 19.3% from RMB 306.4 billion in 2008. Jiangsu's real estate investment growth was lower than the national average.

Real estate investment as a percentage of FAI, with the exception of 2009, has hovered around 20.0%. Real estate growth between 2008 and 2013 has been proportional to the growth of FAI investment in Jiangsu.

Figure 10: Jiangsu GFA Sold and Average Selling Price



Source: Jiangsu Statistics Bureau, CBRE Property Consultants

3. CITY PROFILES

While there is no official government definition or tier classification system for cities, cities are generally classified by parameters such as GDP, GDP per Capita, Disposable Income, and Urban Population. It is generally accepted that Beijing, Shanghai, Guangzhou, and Shenzhen are classified as 1st tier cities. CBRE Property Consultants classifies 2nd tier cities as provincial capitals and cities specifically designated in the state plan with relatively higher level of economic development, including such cities as Hangzhou, Ningbo, Suzhou, Nanjing, Tianjin, Chengdu, and Chongqing.

The overwhelming majority of the Company's assets are located in Hangzhou with several assets located in Ningbo and Suzhou. This section provides an introduction to these cities, which are considered most relevant in understanding the underlying market fundamentals of the asset locations.

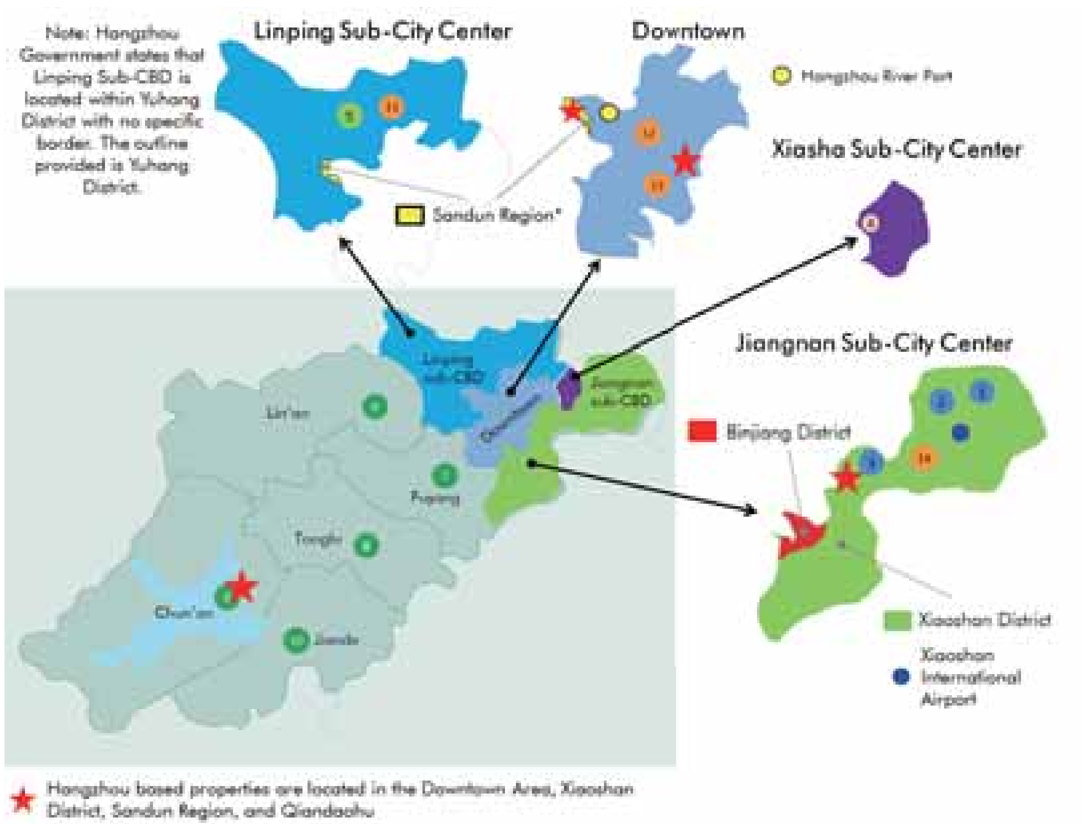
3.1. Hangzhou

Hangzhou is the capital city of Zhejiang province. Located on the southern end of the YRD, Hangzhou is a diverse industrial city with a strong light manufacturing base and has numerous tourism resources that attract visitors from all over the region. In recent years, Hangzhou has developed several new industries such as medicine, information technology, automotive components, electronics, telecommunication, fine chemicals, chemical fiber, and food processing.

Hangzhou's metropolitan area has a total land area of 16,596 km^2. Urban districts within Hangzhou have a total land area of 3,068 km^2, approximately 18.5% of Hangzhou's total land area.

3.1.1. Sub-City Centers

Figure 11: Hangzhou's Districts, Satellite Cities, Major Town Centers, and Transportation Hubs



Satellite Cities	Major Rural Centers	High Speed Railway Stations
Linjiang New City	Jincheng	Yuhang Station
Jiangdong New City	Fuchun	Hangzhou North Railway Station
Qianjiang Century New City	Tongjun	Hangzhou Station
Xiasha New City	Qiandaohu	Hangzhou South Railway Station
Yuhang New City	New Anjiang	

Not to Scale, Location of Properties are Approximate

* *Sandun Region is located in both Yuhang and Downtown Districts*

Source: Hangzhou City Planning, Hangzhou Municipal Government, CBRE Property Consultants

3.1.2. Key Macroeconomic Indicators

Hangzhou's Macroeconomic Overview

Hangzhou, as a key city in Zhejiang, has a total population of 8.8 million as of 2013. Hangzhou is a highly urbanized city with an urbanization rate of 74.9% as of 2013, equivalent to approximately 6.6 million urban residents. Hangzhou has seen rapid economic growth between 2008 and 2013. Between 2008 and 2013, real GDP has increased, on average, at 10.0% YoY and nominal GDP has reached RMB 834.4 billion in 2013.

Hangzhou's urban residents enjoy high levels of disposable income. In 2013, annual disposable income of urban households reached RMB 39,310 per capita, 1.5 times the national average. Private consumption expenditure of urban households reached RMB 24,833. With Hangzhou's urban residents enjoying a high level of disposable income, Hangzhou's retail sales has increased rapidly. Between 2008 and 2013, Hangzhou's retail sales grew at a CAGR of 17.5%, reaching RMB 353.1 billion from RMB 157.8 billion in 2008.

Utilized foreign direct investment ("**FDI**") in Hangzhou grew at a CAGR of 9.8% between 2008 and 2013 reaching US$ 5.28 billion in 2013. FDI growth between 2008 and 2013 was significantly higher than Zhejiang's level of 7.1%. As of 2013, manufacturing, wholesale and retail trade, and scientific research/technical service/geology attracted the largest amount of FDI.

Hangzhou's FAI reached RMB 426.4 billion in 2013, from RMB 198.1 billion in 2008, increasing at a CAGR of 16.6%. FAI in Hangzhou is 21.1% of the provincial total. As of 2013, real estate, manufacturing, and water conservancy/environment/pubic facilities management had the largest amount of FAI in Hangzhou.

3.1.3. Key Real Estate Indicators

Figure 13: Hangzhou's Key Real Estate Indicators

Indicator	**2008**	**2009**	**2010**	**2011**	**2012**	**2008 – 2012 CAGR (%)**
Investment in Real Estate *(RMB Billion)*	61.50	70.50	95.60	130.30	159.70	26.9
FAI *(RMB Billion)*#	198.1	229.2	275.3	310.0	372.3	17.1
Real Estate Investment as a % of FAI	31.05	30.76	34.72	42.03	42.90	11.9*
GFA completed *(Million sqm)*						
● Residential	7.73	6.27	8.02	8.41	6.74	-3.4
● Office	0.59	0.40	0.61	1.05	0.95	12.6
● Commercial^	0.57	0.68	0.97	0.97	0.72	6.0
GFA sold *(Million sqm)*						
● Residential	6.77	13.14	7.98	6.00	9.22	8.0
● Office	0.55	0.73	1.02	0.67	0.86	11.8
● Commercial^	0.31	0.54	0.70	0.54	0.67	21.2
Average selling price *(RMB/sqm)***						
● Residential	8,211	10,614	14,261	12,749	13,294	12.8
● Office	11,401	10,852	15,143	17,136	17,254	10.9
● Commercial^	8,338	10,368	13,438	16,598	12,562	10.8

* *Percentage Increase*

** *Note that average selling price is calculated as total sales volume/GFA sold.*

In 2011, a new methodology for FAI was adopted. Prior to 2011, FAI with a value above RMB 0.5 million was included. After 2011, FAI with a value above RMB 5 million was included and FAI below RMB 5 million was excluded.

^ *Properties classified as "Commercial" is defined as a property developed for retail and wholesale trade and includes: shopping malls, holiday resorts, hotels, grocery shops, bookstores, restaurants, petrol stations, and street front shops.*

Source: Hangzhou Municipal Bureau of Statistics, CEIC, CBRE Property Consultants

Hangzhou's Real Estate Overview

Office and commercial GFA completed both reached a peak in 2010 and 2011. Office GFA completed, in particular, grew at 52.5% YoY and 72.1% YoY in 2010 and 2011, respectively. The sudden accelerated growth of office can be partly attributable to developers turning away from residential development as the government implemented housing restriction policies and, instead, turned in favor of office development.

Commercial real estate prices grew at a rapid CAGR of 25.8% between 2008 and 2011, outpacing residential real estate, before declining by 24.3% in 2012. The decline in commercial prices is in part attributed to increasing supply in sub-CBD/sub-city center areas of the city.

3.1.4. *Infrastructure*

Metro[9]

Hangzhou has a metro system, which began operation in November 2012. At present, only Line 1 is operational with a total length of 47.97km. Line 2 is currently under construction and is forecast to be completed in 2017. Line 4 has been planned to link Sandun district with Xiaoshan district and Line 7 has been planned to link Xiaoshan Airport with Hangzhou's downtown region. The expected completion dates of these newly planned lines have yet to be announced.

Airport and River Port[10]

Hangzhou has one international airport called Hangzhou Xiaoshan International Airport. Xiaoshan Airport reached an annual passenger capacity of 19 million passengers as of 2012, and is expected to handle 25 million people and 400 tons of cargo by the end of 2015.

Hangzhou has one river port that serves 5 provinces and 8 regions along the YRD.

Highways and Railways

Hangzhou is closely linked with Shanghai, Suzhou and Ningbo via a number of highways, notably the Shanghai-Hangzhou highway, Suzhou-Jiaxing-Hangzhou highways and the Hangzhou-Ningbo highway.

In terms of railway, Hangzhou is now linked with Shanghai, Tianjin, Beijing and Shandong by the Shanghai-Beijing high-speed railway.

3.1.5. *Master Planning and Key Policies*

Master Planning[11]

According to Hangzhou's Master Plan of 2020, Hangzhou's government is aiming to:

1) Transform Hangzhou into a regional cultural center.

2) Turn Hangzhou into a center of innovation within the YRD region, with a focus on science and education.

[9] *Information from Hangzhou Government Website: www.hangzhou.gov.cn*

[10] *Airport and River Port information from Hangzhou Statistic Report: www.hzstate.gov.cn, and from Hangzhou 2020 City Planning: www.hangzhou.gov.cn*

[11] *Hangzhou 2020 City Planning: www.hangzhou.gov.cn*

3) Further strengthen Hangzhou as a logistics hub in the YRD region.

12th 5-Year Plan[12]

According to the Hangzhou government's 12th 5-Year plan, new city development and the establishment of satellite cities will be a key focus. According to the government's plan:

1) Downtown Hangzhou will continue to develop tourism assets and trade.

2) Sub-city centers will focus on developing high-end manufacturing industries, as well as developing educational facilities, cultural and tourism assets and residential development.

Economic targets of Hangzhou's 12th 5-Year plan include, but not limited to:

1) GDP per capita to reach RMB 102,500 by 2015, an increase of 8.3% from RMB 94,566 in 2013.

2) Retail sales to reach RMB 413.0 billion by 2015, an increase of 17.0% from RMB 353.1 billion in 2013.

3) Tertiary industries to contribute 54.0% of GDP by 2015, an increase of 3.1% from 50.9% in 2013.

4) Disposable income to reach RMB 50,600 by 2015, an increase of 28.7% from RMB 39,310 in 2013.

Hangzhou's Satellite City Development Plan[13]

Xiaoshan and Yuhang district have been earmarked for substantial satellite city development. Three new satellite cities in Xiaoshan and two new satellite cities in Yuhang are currently being planned. These new satellite cities are expected to contain multiple mixed-used real estate developments.

According to Xiaoshan's 12th five-year plan, this region is targeted to reach a total GDP of RMB 200 billion in 2015, with an annual forecast growth rate around 10.0%. GDP per capita is targeted to reach RMB 157,000 in 2015 and urbanization rate is targeted to reach 75% in the next two years.

Among the satellite city development plans in Xiaoshan, Qianjiang Century New City is targeted to reach a regional GDP of RMB 15 billion by 2015. Jiangdong new city and Linjiang new city is planned as an energy, equipment, and telecommunication high-tech manufacturing cluster in

[12] *Hangzhou 12th 5-Year Plan: www.zjdpc.gov.cn and www.hzdpc.gov.cn*
[13] *Hangzhou 12th 5-Year Plan: www.zjdpc.gov.cn and www.hzdpc.gov.cn*

Hangzhou. The development of these new cities are expected to be led by leading industries and supplemented by commercial and residential real estate development. The targeted regional GDP is RMB 15 billion by 2015[14].

Tourism[15]

Historically, Hangzhou is famed for its tourism which leverages upon its pleasant natural environment. Traditionally, the tourism industry has centered around West Lake in downtown Hangzhou and Qiandaohu Lake in Chun'an district.

According to Hangzhou's 12th 5-year plan, the government is aiming to double tourist numbers to Qiandaohu reaching 7 million tourists by 2015. In addition, the government is also planning to develop related retail, commercial, trade industries and resort real estate in this region.

3.2. Ningbo

Ningbo is located on the south wing of the YRD, bordered by Hangzhou Bay to the north and Taizhou to the south. Ningbo is a key port city in Eastern China, and renowned for its entrepreneurial spirit with regards to development of small and medium sized enterprises. Ningbo has a total land area of 9,816 km^2 and urban areas have a total land area of 2,462 km^2, approximately 25.1% of total land area.

3.2.1.Sub-City Centers

Figure 14: Ningbo's Sub-City centers

Not to Scale, Location of Properties are Approximate

Source: Ningbo City Planning, CBRE Property Consultants

14 Source: Xiaoshan District's 12th 5-Year Plan: www.hzdpc.gov.cn

15 Chunan 12th 5-Year Plan: www.hzdpc.gov.cn

Ningbo's downtown region is made up of Haishu District, Jiangdong District and Jiangbei District. Haishu District is the economic, political, trade, cultural and educational center of Ningbo, while the East River District has a large concentration of logistics and high-tech manufacturing firms.

Outside the downtown region to the northwest are Cixi and Yuyao. These are defined as two satellite cities that are grouped into one larger region by the government. These satellite cities have a large concentration of logistics, manufacturing and technology firms. According to local government planning, this region is expected to be a key area of development over the next 5 years.

3.2.2. Key Macroeconomic Indicators

Ningbo's Macroeconomic Overview

Ningbo, as a key port and manufacturing city in Zhejiang, has a total population of 7.7 million as of 2013. Ningbo has an urbanization rate of 70.0% as of 2013, equivalent to approximately 5.36 million urban residents. Ningbo has seen rapid economic growth between 2008 and 2013. Real GDP has increased, on average, at 9.6% YoY and nominal GDP has reached RMB 712.9 billion in 2013.

Ningbo's urban residents enjoy high levels of disposable income. In 2013, annual disposable income of urban households reached RMB 41,729 per capita, 1.5 times the national average. Private consumption expenditure of urban households reached RMB 24,685. With Ningbo's urban residents enjoying a high level of disposable income, Ningbo's retail sales has increased rapidly. Between 2008 and 2013, Ningbo's retail sales grew at a CAGR of 16.0%, reaching RMB 263.6 billion in 2013 from RMB 125.3 billion in 2008.

Utilized FDI in Ningbo grew at a CAGR of 5.2% between 2008 and 2013 reaching US$ 3.3 billion in 2013, from US$ 2.5 billion in 2008. FDI growth between 2008 and 2013 was lower than Zhejiang and national levels.

As of 2013, manufacturing, transportation/storage/postal industry, and water conservancy/environment/public facility management attracted the largest amount of FDI.

Ningbo's FAI reached RMB 342.3 billion in 2013, from RMB 172.8 billion in 2008, increasing at a CAGR of 14.6%. FAI in Ningbo is approximately 17.0% of the provincial total. Historically, Ningbo's YoY FAI growth has been significantly lower than the national level. However, in 2012, YoY FAI growth increased by 21.6%, higher than the national level of 20.3%.

As of 2013, manufacturing, real estate, and wholesale and retail trade had the largest contribution to FAI.

3.2.3. Key Real Estate Indicators

Figure 16: Ningbo's Key Real Estate Indicators

Indicator	**2008**	**2009**	**2010**	**2011**	**2012**	**2008 – 2012 CAGR (%)**
Investment in Real Estate *(RMB Billion)*	30.80	37.50	55.70	75.50	88.40	30.2
FAI *(RMB Billion)*#	172.8	200.4	219.3	238.6	290.1	13.8
Real Estate Investment as % of FAI	17.82	18.71	25.40	31.65	30.47	14.4
GFA Completed *(Million sqm)*						
● Residential	5.94	4.23	3.76	4.85	5.31	-2.8
● Office	0.45	0.45	0.61	0.80	0.45	0.2
● Commercial^	0.53	0.59	0.74	0.81	0.96	16.0
GFA Sold *(Million sqm)*						
● Residential	3.57	6.52	4.98	3.43	4.59	6.5
● Office	0.25	0.57	0.67	0.67	0.46	16.5
● Commercial^	0.41	0.59	0.73	0.85	0.55	7.6
Average Selling Price *(RMB/sqm)***						
● Residential	6,845	9,069	11,669	11,287	11,386	13.6
● Office	10,625	9,391	11,051	10,887	9,442	-2.9
● Commercial^	9,727	10,906	12,592	12,155	15,159	11.7

In 2011, a new methodology for FAI has been adopted. Prior to 2011, FAI with a value above RMB 0.5 million was included. After 2011, FAI with a value above RMB 5 million was included and FAI below RMB 5 million was excluded.

** *Note that average selling price is calculated as total sales volume/GFA sold.*

^ *Properties classified as "Commercial" is defined as a property developed for retail and wholesale trade and includes: shopping malls, holiday resorts, hotels, grocery shops, bookstores, restaurants, petrol stations, and street front shops.*

Source: Ningbo Municipal Bureau of Statistics; CEIC, CBRE

Ningbo's Real Estate Overview

Increase in urbanization and the rapid development of Ningbo have resulted in both an increase in FAI and an increase in real estate investment.

In 2010 and 2011, office GFA completed spiked to 0.61 and 0.80 million sqm. The reason for the spike was in part attributable to Ningbo's developers turning away from developing residential projects. Instead, Ningbo's developers turned towards developing office and commercial real estate.

Commercial GFA completed has seen a steady increase since 2008. The quick growth of commercial supply between 2008 and 2012 can be partially attributed to urbanization of Ningbo and strong growth of retail sales. In addition, since 2010, a number of famous local real estate developers, such as Poly Group and Dalian Wanda, began investing heavily in Ningbo's commercial property sector.

Office GFA sold reached a peak in 2010 and 2011. However, in 2012, office GFA sold declined by 31.3% YoY. Average selling prices of office real estate has also declined at a CAGR of 7.6% since its peak in 2010. The decline in GFA sold and average selling prices can be partly attributable to the deceleration of GDP growth in Ningbo, which dampened office demand. In addition, the decline in average selling prices can also be partly attributable to the increase in supply and sales in Jinzhou and Jiangdong district, which are suburban districts outside the city center.

Commercial GFA sold reached its peak in 2011. However, as Ningbo's economic growth decelerated, the supply of commercial GFA declined in 2012. Average selling prices, on the other hand, increased significantly in 2012. The increase in average selling prices can be partly attributable to the increasing quality of commercial developments. Starting in 2010, famous local real estate developers such as Poly Group and Dalian Wanda began investing in Ningbo and began raising the standard of quality in Ningbo, which in turn accounted in part for the rising sales prices.

3.2.4. Infrastructure

Metro[16]

At present, Ningbo does not have an operational metro system. Metro line 1 is currently under construction and is expected to be completed in 2014. There are a total of 5 metro lines currently planned for Ningbo, however, expected completion for lines 2 to 5 have not yet been announced.

Airport and Sea Port

Ningbo has one international airport, Ningbo Lishe International Airport, 12km away from downtown. In 2011, Lishe International Airport reached an annual throughput capacity of 5.0 million passengers and 85.4 thousand tons of cargo[17].

Ningbo-Zhoushan Port is one of China's key deep water ports and is one of the busiest ports in China. In 2012, Ningbo-Zhoushan port handled 683.48 million tons of cargo and was ranked first in China in terms of tons handled[18].

[16] *Information from Ningbo Metro: www.nbmetro.com*
[17] *Information from Ningbo Lishe International Airport: www.ningbo-airport.com*
[18] *Statistics according to China Ports: www.chinaports.com*

Highways and Railways

Ningbo is linked by several railways and highways. Within Ningbo, there is a ring road that links Ningbo's downtown regions. Ningbo is linked to Shanghai via the Hangzhou Bay Bridge, which runs across Hangzhou Bay, the mouth of the YRD.

Ningbo is linked to a number of different cities via high-speed railway. Ningbo is linked to Shanghai via the Shanghai-Ningbo high-speed railway, with key cities such as Wenzhou and Jinhua along its route, and Hangzhou by Hangzhou-Ningbo high-speed railway.

3.2.5. *Master Planning and Key Policies*

12th 5-Year Plan[19]

Ningbo has a number of economic targets as outlined in its 12th 5-year plan. These include:

- GDP per capita to reach RMB 119,000 by 2015, an increase of 27.7% from RMB 93,176 as of 2013.
- Retail sales to reach RMB 330.0 billion by 2015, an increase of 25.2% from RMB 263.6 billion as of 2013.
- 45% GDP contribution from tertiary industries by 2015, an increase of 1.4% from 2013 levels.
- Disposable income to reach RMB 48,580 by 2015, an increase of 16.4% from RMB 41,729 as of 2013.

Master Planning[20]

- Ningbo's future planning will be led by several new city developments, such as Jinzhou New City, Eastern New City, Beilun New District and Yaojiang New City. These areas are earmarked as sub-city center areas.
- Jinzhou city, Eastern New City, Beilun New District is earmarked as regional CBD.
- Yaojiang New District is earmarked as an industrial cluster based on its location in Yuyao, a famous industrial city in Ningbo.

[19] *Ningbo 12th 5-Year Plan: www.nbdpc.gov.cn*
[20] *Ningbo 2020 City Planning: gtog.ningbo.gov.cn*

- Yuyao is earmarked to develop into a leading high-tech manufacturing base in southern YRD Region. With the completion of the Yuyao high-speed railway station, this region is expected to develop trade, logistics and related tertiary industries.

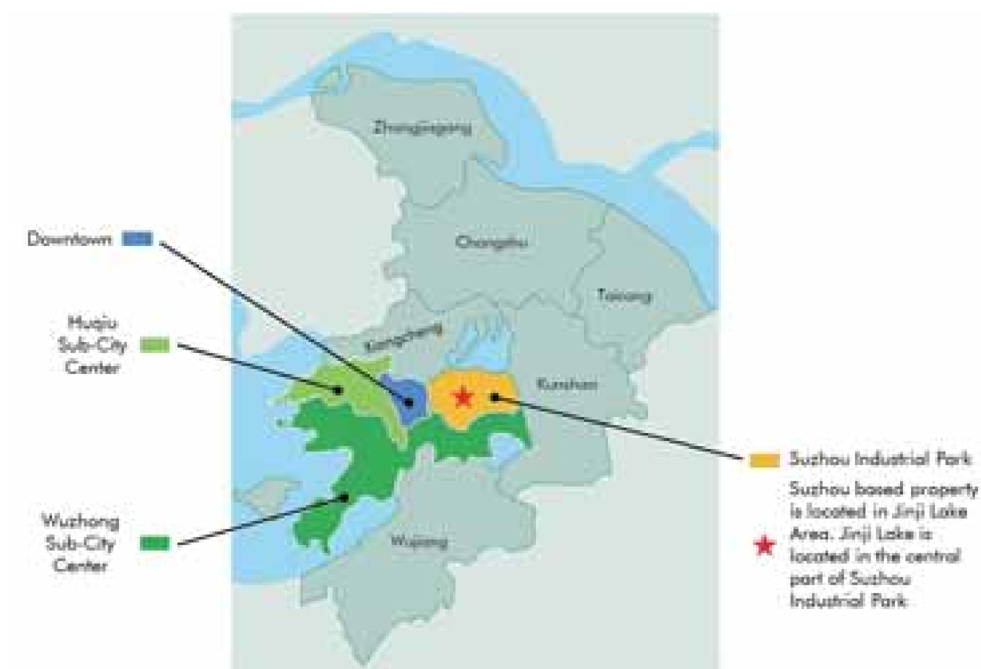
- According to Yuyao's 12th five-year plan, the targeted urbanization rate by 2015 is 65%, and regional GDP is targeted to reach RMB 100 billion. Based on Yuyao's future planning in developing high-tech manufacturing service and related tertiary industries, the government plans to increase the percentage of tertiary industry to 40% by 2015[21].

3.3. Suzhou

Suzhou is a prefecture level city, with a resident population of over 10 million, located in the south eastern region of Jiangsu province. Suzhou has a total land area of 8,488.4 km^2 and is directly adjacent to Shanghai Municipality. Suzhou is located on the lower reaches of the Yangtze River and on the shores of Taihu Lake.

3.3.1. Sub-City Centers

Figure 17: Suzhou Sub-City Centers



Not to Scale, Location of Properties are Approximate
Source: Suzhou City Planning, Suzhou People's Government, CBRE

[21] Yuyao 12th 5-Year Plan: www.yy.gov.cn

Suzhou comprises a downtown area and several sub-city regions as listed below:

- Downtown Suzhou is tourism focused with a tertiary industry base.

- Downtown Suzhou is surrounded by Huqiu sub-city center and Wuzhong sub-city center. These are major residential regions. These regions also contain numerous high-tech industry parks.

- Suzhou Industrial Park (SIP), is a county level administrative area. SIP was jointly developed by the governments of China and Singapore and was officially launched in 1994. According to Suzhou's 12th 5-Year plan, Jinji Lake and its surrounding area is to become Suzhou's new CBD[22]. SIP is considered to be one of the most advanced industrial zones in China.

- Suzhou also has several sub-cities such as Kunshan, Changshu and Taicang, which have been developed into industrial zones and service bases for both Suzhou and Shanghai.

3.3.2. Key Macroeconomic Indicators

Suzhou's Macroeconomic Overview

Suzhou had a total population of 10.6 million as of 2013. Suzhou had an urbanization rate of 73.2%, as of 2013, equivalent to approximately 7.7 million urban residents. Suzhou has seen rapid economic growth between 2008 and 2013. Real GDP has increased, on average, at 13.0% YoY and nominal GDP has reached RMB 1.3 trillion in 2013.

Suzhou's urban residents enjoy high levels of disposable income. In 2013, annual disposable income of urban households reached RMB 41,143 per capita, 1.5 times the national average. Private consumption expenditure of urban households reached RMB 25,197. With Suzhou's urban residents enjoying a high level of disposable income, Suzhou's retail sales has increased rapidly. Between 2008 and 2013, Suzhou's retail sales grew at a CAGR of 15.7%, reaching RMB 362.8 billion in 2013 from RMB 174.9 billion in 2008.

In absolute U.S. dollar terms, Suzhou has attracted a large amount of FDI. One of the main contributors have been the co-development of the Suzhou Industrial Park, a joint development between the governments of China and Singapore, which has attracted numerous foreign companies to setup their plants and service lines in Suzhou. In addition, Suzhou's close proximity to Shanghai is also attractive to foreign firms.

[22] *Suzhou 12th 5-Year Plan: www.suzhou.gov.cn*

Utilized FDI in Suzhou grew at a CAGR of 1.4% between 2008 and 2013 reaching US$8.7 billion in 2013, from US$8.1 billion in 2008. FDI growth between 2008 and 2013 was lower than Jiangsu and national levels. However, while the national level of FDI decreased in 2012, FDI into Suzhou increased by 3.4% YoY. As of 2013, manufacturing, wholesale and retail trade services, and leasing and business services attracted the largest amount of FDI.

Suzhou's FAI reached RMB 600.2 billion in 2013, from RMB 261.1 billion in 2008, increasing at a CAGR of 18.1%. FAI in Suzhou is approximately 16.7% of the provincial total.

Since 2010, FAI in Suzhou has increased, on a YoY basis, higher than national levels, reflecting the rapid development of Suzhou. However, in 2013, FAI increased by 14.0% YoY, a significant deceleration from 24.4% YoY growth in 2011. In addition, YoY FAI growth was also lower than national levels. Manufacturing, real estate, and water conservancy/environment/public facilities management made the largest contribution to FAI as of 2013.

3.3.3. Key Real Estate Indicators

Figure 19: Suzhou's Key Real Estate Indicators

Indicator	2008	2009	2010	2011	2012[1]	2008 – 2012 CAGR (%)
Real Estate Investment *(RMB Billion)*	71.8	72.4	93.6	119.9	126.3	15.2
FAI *(RMB Billion)*	261.1	296.7	361.8	450.2	526.7	19.2
Real Estate Investment as % of FAI	27.5	24.4	25.9	26.6	24.0	25.7^
GFA Completed *(Million sqm)*	14.8	18.8	17.6	15.1	18.3	5.5
● Residential	11.3	14.1	12.2	11.0	13.9	5.3
● Non-Residential	3.5	4.7	5.4	4.1	4.4	5.9
GFA Sold *(Million sqm)*	10.1	23.5	15.1	12.1	14.7	9.8
● Residential	8.3	20.1	11.8	9.8	12.6	11.0
● Non-Residential	1.8	3.4	3.3	2.3	2.1	3.9
Average Selling Price *(RMB/sqm)***	5,763	[– –]	8,265	9,017	9,114	[– –]
● Residential	5,530	[– –]	8,237	9,061	8,980	[– –]
● Non-Residential	6,333	[– –]	8,364	8,826	9,949	[– –]

^ *Simple Average*

** *Note that average selling price is calculated as total sales volume/GFA sold.*

1 *All 2012 data are preliminary information from sourced from national bureau statistics announcements.*

[ ] *2009 figures are unavailable from the Suzhou Government Statistics Bureau.*

Source: Suzhou Statistics Bureau, CBRE Property Consultants

Suzhou's Real Estate Overview

Suzhou, in recent years, has had numerous infrastructure developments especially in public utilities and transportation. As such, investment in infrastructure has outpaced real estate.

In Suzhou, non-residential real estate, makes up less than 25% of all GFA completed. Residential real estate commands a significant price premium. Average selling prices of residential, as of 2012 (latest available), were 9.7% lower than non-residential. The difference in average selling can be partly attributable to the fact that investment activity in residential market has been dampened by increasingly strict housing regulations.

3.3.4. Infrastructure

Metro[23]

Suzhou has two metro lines that have been completed, Line 1, which is operational, and Line 2, which will commence its trial run in September, 2013. Line 4 is currently under construction and the estimated to be completed by 2016. Line 3, according to local media, is currently under construction but an official completion date has yet to be announced.

Airport and River Port

Suzhou has a river port in the lower reaches of the Yangtze River. Suzhou port is ranked 5th in terms of annual cargo and container volume amongst all Chinese ports as of 2012[24].

Suzhou has no commercial airports of its own.

Highways and Railways

Suzhou province has several railway stations and one high-speed railway station. Major high-speed railway lines include: Suzhou-Shanghai Line, Jing-Hu (Beijing-Shanghai) Line, and the Suzhou-Nanjing Line.

The re-construction work of Suzhou Railway Station was completed in 2013. With a total investment of RMB 13 billion, the new railway station is able to reach daily capacity of 80,000 passengers by 2030, approximately 2.5 times more than before[25].

[23] *Suzhou Government: www.suzhou.gov.cn*
[24] *Jiangsu Transportation Bureau: www.jscd.gov.cn*
[25] *Information from Suzhou Railway Station website: www.szhcz.com.cn*

In order to realize better accessibility around city, Suzhou has started developing its high-speed city ring road. The total investment for this project is around RMB22 billion and is expected to be complete by the end of 2014[26].

Suzhou's major highways include G2, G15, G42, and S9, which connect Suzhou to nearby cities such as Shanghai and Nanjing.

3.3.5. Master Planning and Key Policies

12th 5-Year Plan[27]

According to Suzhou government's 12th 5-Year Plan, the Suzhou government is planning to:

1) Expand the downtown area to meet the increasing needs of the tourism industry. In 2013, over 96 million tourists visited Suzhou and total revenue from tourism exceeded RMB 152 million.

2) Develop Huqiu and Wuzhong as two major sub-city centers and developing these areas into a high-tech industrial cluster.

3) Develop traditional industrial clusters of Kunshan, Taicang and Changshu from pure industrial zones into a "high value added" service cluster.

Economic targets of Suzhou's 12th 5-Year plan include, but not limited to:

1) Tertiary industries to contribute 48.0% of GDP by 2015, an increase of 2.3% from 45.7% in 2013.

2) Disposable income to reach RMB 42,035 by 2015, an increase of 2.2% from RMB 41,143 in 2013.

[26] *Suzhou Government: www.suzhou.gov.cn*
[27] *Suzhou 12th 5-Year Plan: www.suzhou.gov.cn*

4. COUNTY PROFILES

This section provides an introduction to Xianju and Tonglu which are located in Taizhou prefecture level city and Hangzhou sub-provincial city, of Zhejiang province, respectively.

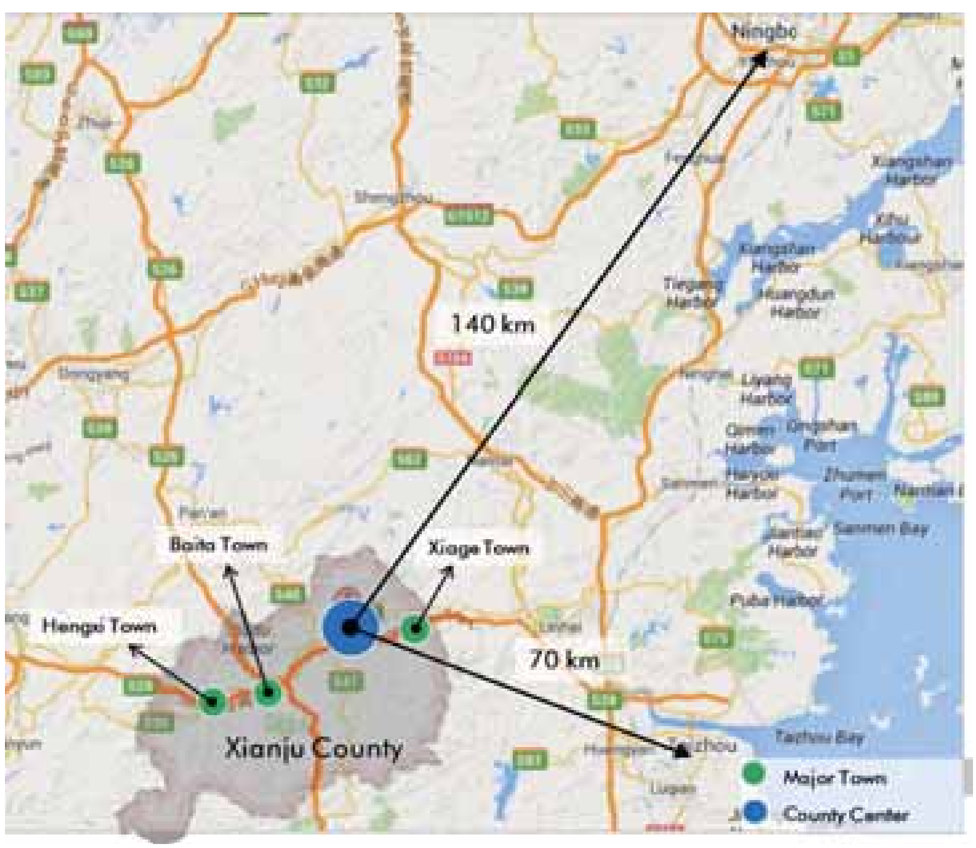
4.1. Xianju

Xianju, a county level city within Taizhou, Zhejiang Province, covers a total land area of approximately 2,000 km^2. Located in the south-east of Zhejiang, Xianju is rich in tourism resources and has an AAAA-class national tourism region covering over 158 km^2. Shenxianju, Yong'an River Drift and Potan Ancient Town are three major scenic areas within Xianju Tourism Region.

Besides tourism, medical, chemical, handcraft, and manufacturing are Xianju's pillar industries. Recently, the service industry in Xianju, led by resort / tourism real estate, trade, culture, and retirement services, has also developed on the back of the tourism boom and its pillar industries.

4.1.1. Core County Regions

Figure 22: Core Regions in Xianju County



Source: Xianju 12th 5-year plan, CBRE

Xianju County has one county center and three major towns as sub-county centers:

- Xianju county center consists of Guanlu, Bulu, Shangzhang and Guangdu town. Under current planning, these towns are expected to be host a cluster of service and manufacturing industries.

- Xiage town, under current planning, is expected to become a region that will focus on residential real estate, retail, and manufacturing industries.

- Baita Town will focus on developing its tourism and tourism related real estate based on natural resources and tourism assets. A 30 km^2 tourism resort region is under planning in Baita.

- Hengxi Town will utilize the advantage as the intersection of Taijin and Zhuyong highways to develop trade industry.

4.1.2. Key Macroeconomic Indicators

Figure 23: Xianju's Key Macroeconomic Indicators

Indicator	**2008**	**2009**	**2010**	**2011**	**2012**	**2008 – 2012 CAGR (%)**
Nominal GDP *(RMB Billion)*	7.9	8.3	10.1	12.0	12.8	12.7
GDP of 1st Industry *(RMB Billion)*	0.9	0.9	1.1	1.2	1.3	10.9
GDP of 2nd Industry *(RMB Billion)*	3.6	3.7	4.6	5.5	5.6	11.9
GDP of 3rd Industry *(RMB Billion)*	3.5	3.7	4.4	5.3	5.9	14.0
Real GDP Growth *(YoY Growth %)*	8.3	9.3	13.8	10.6	10.0	10.4^
GDP per Capita *(RMB)*	16,360	16,927	20,405	24,043	25,566	11.8
Annual per Capita Disposable Income of Urban Households *(RMB)*	16,665	18,222	20,531	22,890	25,454	11.2
Annual per Capita Private Consumption Expenditure of Urban Households *(RMB)*	11,046	12,725	14,408	15,136	15,787	9.3
FAI *(RMB Billion)*	3.2	3.4	4.6	7.4	9.6	31.3
FAI Weight in GDP *(%)*	40.9	41.0	46.0	61.6	75.4	34.5*
Retail Sales *(RMB Billion)*	3.0	3.4	4.1	4.8	5.6	16.9
Registered Population *('000)*	488.0	492.1	495.3	498.1	502.9	0.8
Tourists *(Million)*	4.0	4.5	5.1	5.7	6.7	13.5
Tourism Revenue *(RMB Billion)*	1.6	1.8	2.1	2.5	3.3	19.3
Real Estate Investment *(RMB Billion)*	0.4	0.4	0.5	2.1	2.0	48.0

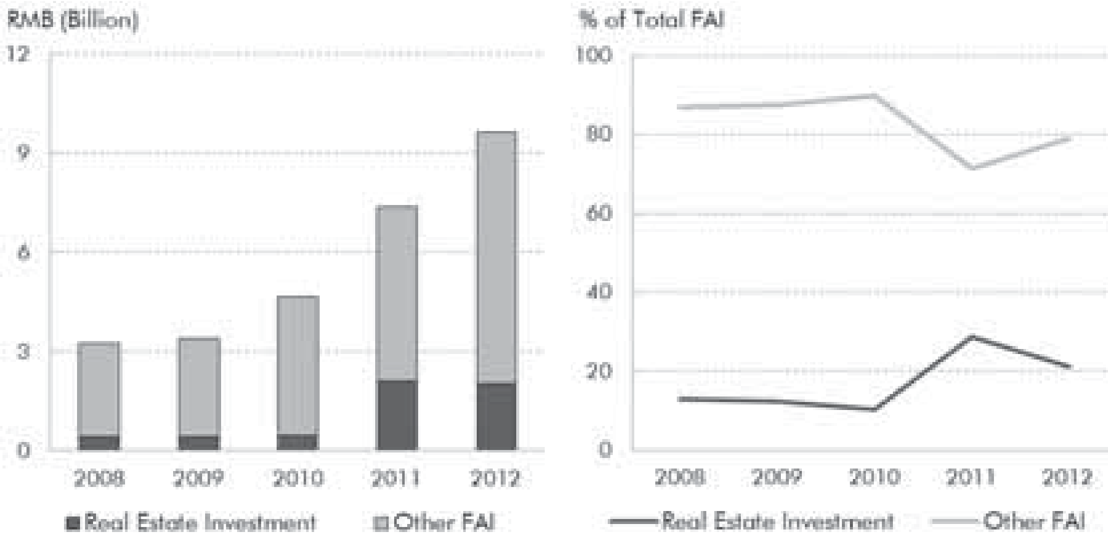
Note: All data above is preliminary data from Xianju Bureau of Statistics

* Percentage Increase

^ Simple Average

Source: Xianju Bureau of Statistics, CBRE

Figure 24: Xianju Real Estate Investment and FAI



Source: Xianju Bureau of Statistics, CBRE

4.1.3. Master Planning and Key Policies

Master Planning

According to Xianju's Master Plan of 2020, Xianju's government aims to:

1) Utilize the opportunity brought by the establishment of Taijin and Zhuyong highways to develop logistics and trade services.

2) Foster increased cooperation between Xianju and the Yangtze River Delta economic region.

3) With natural tourism resources, Xianju will continue to strengthen tourism industry.

12th 5-Year Plan

According to the Xianju government's 12th 5-Year plan, sub-county centers' development and improving tourism industry will be key focuses. According to the government's plan:

1) Xiage Town, Guanlu Town, and County center will focus on setting up an industrial cluster.

2) Baita, Tianshi, Danzhu, and Potan town will still focus on tourism industry, while at the same time, upgrading retail and transportation facilities in these areas.

Economic targets of Xianju's 12th 5-Year plan include, but not limited to:

1) Nominal GDP to reach RMB 20 billion by 2015, nearly double the number of 2010.

2) GDP per capita to reach RMB 38,000 in 2015.

3) Urbanization rate is targeted to reach 60% in 2015 and 70% in 2020.

4) Tertiary industry is targeted to account for 45% of total GDP in 2015.

Tourism targets of Xianju 12th 5-Year plan mainly include:

1) The number of tourists to reach 8 million per year by 2015.

2) Target to increase the number of upscale star hotels to 12, and maintain a stable occupancy rate of 80%.

3) Improve infrastructure facilities around tourism regions, and plan to build up over 100 km high-ways around Shenxianju, Danzhu and Jingxing Rock Sceneries.

4) Encourage tourism to grow with agriculture, forestry and other related industries

4.2. Tonglu

Tonglu, a county level city within Hangzhou, covers a land area around 1,825 km^2. Located in the north-west of Hangzhou, Tonglu is famous for its light manufacturing industry and tourism.

Clothing, office stationary, leather products, metal smelting, and tourism are Tonglu's pillar industries. With the closer cooperation between counties in Hangzhou, Tonglu is also strengthening its IT, logistics, trade, and local culture industries.

4.2.1. Core County Regions

Figure 25: Core Regions in Tonglu

Source: Tonglu City Planning 2020

Tonglu County has one county center and two major towns as sub-county centers:

- Tonglu county center mainly consists of Tonglu Economic Zone and Tonglu Town, and is planned as a cluster of secondary and tertiary industries.

- Under current planning, Fenshui Town is expected to be a sub-county center in west Tonglu, and is positioned as a trade and light manufacturing city based on its good transportation condition.

- Fuchunjiang Town will focus on hydropower industry and tourism under current planning.

4.2.3. Key Macroeconomic Indicators

Figure 26: Tonglu's Key Macroeconomic Indicators

Indicator	**2008**	**2009**	**2010**	**2011**	**2012**	**2008 – 2012 CAGR (%)**
Nominal GDP *(RMB Billion)*	16.4	17.7	19.8	23.4	26.2	12.4
GDP of 1st Industry *(RMB Billion)*	1.3	1.4	1.6	1.8	2.1	11.6
GDP of 2nd Industry *(RMB Billion)*	10.5	11.1	12.2	14.2	15.8	10.8
GDP of 3rd Industry *(RMB Billion)*	4.6	5.2	6.0	7.3	8.3	16.0
Real GDP Growth *(YoY Growth %)*	10.2	7.5	12.7	10.3	8.5	9.8^
GDP per Capita *(RMB)*	41,249	44,206	49,269	57,854	64,873	12.0
Annual per Capita Disposable Income of Urban Households *(RMB)*	19,980	21,791	24,026	27,130	30,301	11.0
Annual per Capita Private Consumption Expenditure of Urban Households *(RMB)*	12,325	12,468	13,971	17,464	18,545	10.8
FAI *(RMB Billion)*#	7.8	8.8	11.7	11.6	14.1	16.0
Weight in GDP *(%)*	47.4	49.9	59.3	49.6	53.8	6.4*
Retail Sales *(RMB Billion)*	4.5	5.2	6.1	7.2	8.5	17.6
Registered Population *(Thousands)*	399	401	403	405	404	0.3
Tourists *(Million)*	4.5	4.8	5.4	6.8	7.6	13.9
Real Estate Investment *(RMB Billion)*	1.4	1.4	2.5	3.5	5.3	39.7

Note: All data above is preliminary data from Tonglu Bureau of Statistics

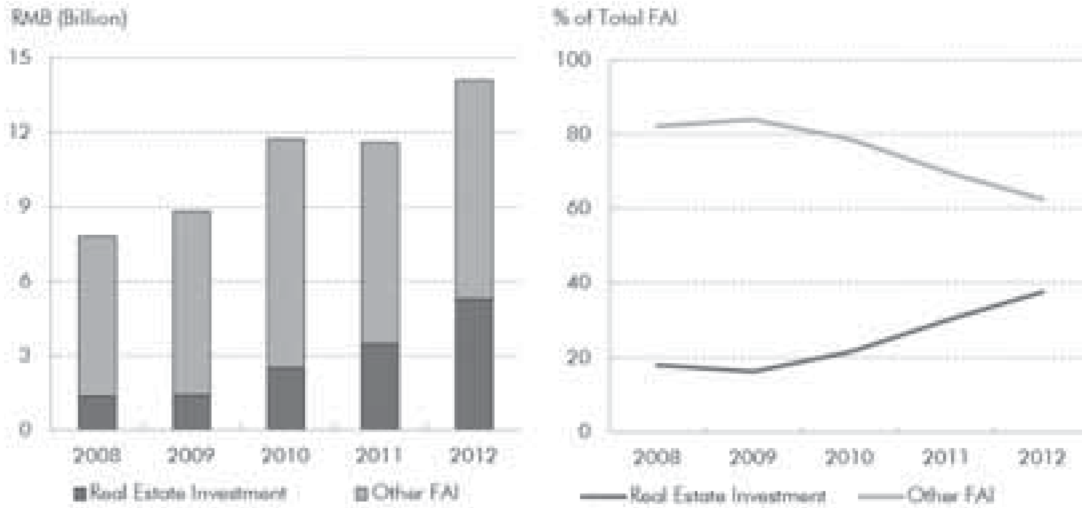
* Percentage Increase

^ Simple Average

In 2011, a new methodology for FAI has been adopted. Prior to 2011, FAI with a value above RMB 0.5 million was included. After 2011, FAI with a value above RMB 5 million was included and FAI below RMB 5 million was excluded

Source: Tonglu Bureau of Statistics, CBRE

Figure 27: Tonglu Real Estate Investment and FAI



Source: Tonglu Bureau of Statistics, CBRE

4.2.5. Master Planning and Key Policies

Master Planning

According to Tonglu's Master Plan of 2020, Tonglu's government aims to:

1) Strengthen secondary industries based on the development of Tonglu Economic Zone and Qingshan Industrial Park.

2) Focus on tourism and real estate sectors of tertiary industries and utilize the opportunity to increase retail and other service industries.

12th 5-Year Plan

According to the Tonglu government's 12th 5-Year plan, development of sub-county center and transformation of economic structure will be key focuses. According to the government's plan:

1) Increase economic growth with the development of sub-county centers.

2) High-tech manufacturing is planned as new pillar industry of Tonglu, especially in medical health, new energy and new materials sectors.

Economic targets of Tonglu's 12th 5-Year plan include, but not limited to:

1) Nominal GDP to reach RMB 31.6 billion by 2015, with an estimate annual growth rate of 10.0%.

2) GDP per capita to reach RMB 76,700 in 2015, with an annual growth rate around 9.6%.

3) Urbanization rate is targeted to increase from 77% in 2010 to 82% by 2015.

Tourism targets of Tonglu's 12th 5-Year plan mainly include:

1) The number of tourists to reach 8 million, and tourism revenue to reach RMB 10 billion per year by 2015, with a forecast annual growth rate around 12% of tourism industry.

2) Plan to set up 1 AAAAA-class tourism region, 1 to 2 AAAA-class tourism regions, 6 top grade hotels and 2 to 3 tourism mixed-use projects within Tonglu.

3) Build up different themes in tourism scenic areas, and Fuchuanjiang region will focus on entertainment, Fenshui will enhance sports facilities, Yaolin is planned to enhance countryside scenic areas and Tiantong Mountain will combine tourism with SPA services.

CHINA HOTEL MARKET OVERVIEW

5. OVERVIEW OF CHINA'S HOTEL MARKET

5.1. Overview of China's Tourism and Hotel Industry

On the back of China's rapid economic growth and rising disposable income of China's households, China's tourism and hotel industry has developed rapidly. Total revenues from China's tourism sector reached approximately RMB 2.9 trillion in 2013. Between 2008 and 2013, the number of domestic tourists has increased at a CAGR of 13.7% reaching 3.3 billion in 2013.

In addition to domestic tourism, in 2012 China received a total of 57.7 million international tourists according to the United Nations World Tourism Organization (UNWTO). China was placed 3rd in terms of international tourist arrivals in 2012, behind France, which received 83 million tourists, and the United States, which received 67 million tourists.

According to the Bulletin of Statistics of China's Star-rated Hotels, as of the end of 2013 a total of 11,895 star-rated hotels reported as being operational. Revenues for reporting hotels in 2013 measured an aggregate of RMB 230 billion with 43.3% of total revenue being generated from rooms and 43.4% being generated from food and beverage.

5.2. Hotel Star-Rating System in China

China's hotel rating system follows a national standard known as the "Star-rating Classification System" (Rating System). China's Rating System has five levels ranging from 1-star to 5-star, 5-star being the highest.

Only hotels that have been operating for more than one year can apply for a star-rating and star-ratings are valid for three years only, subject to reviews and re-grants by the relevant hotel star-rating committee.

It should be noted that, only the National Hotel Star-rating Committee (NHSRC), under the administration of the National Tourism Administration of the People's Republic of China, has the power to grant 5-star ratings to a hotel. Provincial counterparts of the NHSRC's are the only organizations that can grant 4-star ratings to a hotel.

Applicant hotels must meet a list of service and amenity criteria before it can be granted a star-rating. Below is a summary of the minimum service and amenity criteria that must be met at each star level. It is also noted that there are additional service and amenity requirements that are considered prior to a star rating being granted.

1-Star Hotel must provide:

● A minimum of 15 guest rooms/suites	● 24-hour cold water	● A minimum of 18-hours of reception, inquiries, check-in and/or check-out services
● Night time security	● Bilingual signage within the hotel	

2-Star Hotels must provide:

● A minimum of 20 guest rooms/suites	● 24-hour cold water and at least 12-hours of hot water	● 24-hour reception, inquiries, check-in and/or check-out services
● 24-hour security	● Bilingual signage within the hotel	● Breakfast within hotel
● Power adapter with 2 different voltages	● In-room telephone and TV	● Access for disabled persons

3-Star Hotels must provide:

- A minimum of 30 guest rooms/suites
- 24-hour cold and hot water access with tea and/or coffee bags
- 24-hour reception, inquiries, check-in and/or check-out services
- Porter services in the lobby
- Resting place in common areas
- 24-hour security
- Bilingual signage within the hotel
- Breakfast, lunch, and dinner within hotel
- Facilities to host a banquet or conference
- In-room internet access
- Power adapter with 2 different voltages
- In-room telephone and TV
- Access for disabled persons and wheelchairs on demand
- Wake-up call service
- Copy, fax, mail, and international call services in lobby

4-Star Hotels must provide:

- A minimum of 40 guest rooms/suites
- 70% of guest rooms/suites must be at least 20 sqm
- 24-hour cold and hot water access with tea and/or coffee bags
- 24-hour reception, inquiries, check-in and/or check-out services, and foreign exchange services
- A minimum of 18-hour porter services in the lobby
- 24 hour room reservation services through telephone, fax, and internet
- Late night check-in services
- Resting place in common areas
- 24-hour security
- Bilingual signage within the hotel
- Breakfast, Lunch, and Dinner
- Facilities to host a banquet or conference
- In-room internet access
- In-room telephone with international call capability and a colored TV that can access at least 16 channels
- 50% of rooms must have a refrigerator
- Laundry Services
- 18-hours of in-room food services
- Security monitoring of common areas

- Access for disabled persons and wheelchairs on demand
- Wake-up call service
- Copy, fax, mail, and international call services in lobby
- Centrally controlled air-conditioning
- Uniformed hotel staff

5-Star Hotels must provide the following in addition to the services and amenities offered by 4-Star hotels:

- A minimum of 50 guest rooms/suites
- All of rooms must have a refrigerator and mini-bar services
- Laundry Services with a turn-around time of 24-hours
- 24-hour in-room food service
- Automatic wake-up call service
- A well designed and managed staff training system

For a complete list, please refer to the Classification and Accreditation for Star-Rated Tourist Hotels (GB/T 14308 -2010) from the Standardization Administration of the People's Republic of China

Source: Classification and Accreditation for Star-Rated Tourist Hotels from the Standardization Administration of the People's Republic of China, CBRE

5.3. Tourist Arrivals into China

Domestic tourists accounts for the majority of tourist arrivals in China. In 2013, there were a total of 3.3 billion domestic tourist arrivals and a total of 129.1 million foreign tourist arrivals. Foreign tourist arrivals into China have remained relatively stable, averaging approximately 131.2 million between 2008 and 2013. While foreign tourist arrivals have remained relatively stable, domestic tourism has increased significantly over the same time period. Domestic tourist arrivals increased by 1.5 billion, between 2008 and 2013, increasing at a CAGR of 13.7%. The significant increase in the number of domestic tourists can be largely attributable to the rising affluence of China's domestic population.

Figure 28: Number of Foreign and Domestic Tourists between 2008 and 2013

Number of Tourist Arrivals (Millions)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Arrivals	130.0	126.5	133.8	135.4	132.4	129.1	-0.1
Domestic Arrivals	1,712	1,902	2,103	2,641	2,957	3,260	13.7

Note: 2013 statistics are based on the quarterly Bulletin of Statistics of China's Star-rated Hotels

Source: National Statistics Bureau, National Economic and Social Development Statistics Bulletin, CBRE

5.4. Tourism Revenue

As the number of domestic tourist arrivals significantly exceeds foreign tourist arrivals, the majority of China's tourism revenue is derived from domestic tourism. Domestic tourism revenue has increased by approximately RMB 1.8 trillion, reaching RMB 2.6 trillion in 2013, from RMB 874.9 billion in 2008, a CAGR increase of 24.6%. While foreign tourist numbers and revenue were adversely affected by the global financial crisis (GFC), domestic tourist numbers and revenue increased rapidly between 2008 and 2013.

Figure 29: Foreign and Domestic Tourism Revenues between 2008 and 2013

Tourism Revenue* (Billions)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Tourism (USD)	40.8	39.7	45.8	48.5	50.0	51.7	4.8
Domestic Tourism (RMB)	874.9	1,018.4	1,258.0	1,930.5	2,270.6	2,627.6	24.6

* The Statistics Bureau classifies revenues from foreign tourism as tourism revenue generated from foreign currency sources, expressed in U.S. Dollars.

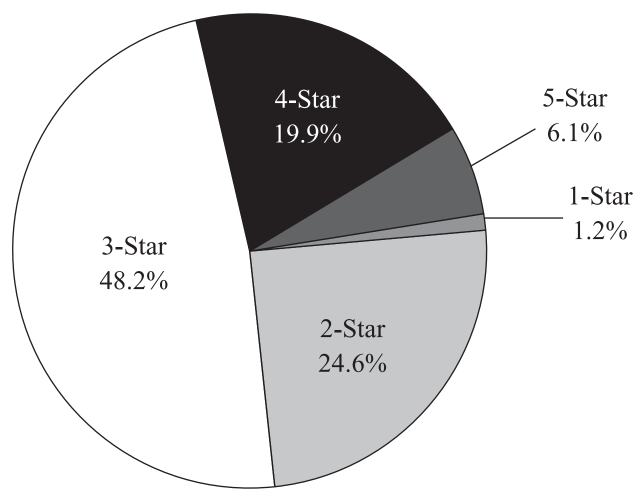
Note: 2013 statistics are based on the quarterly Bulletin of Statistics of China's Star-rated Hotels

Source: National Statistics Bureau, National Economic and Social Development Statistics Bulletin, CBRE

5.5. Hotel Supply by Star Classification

On a national average basis, as at 2013, a significant portion of hotels in China are rated 3-star. 3-star hotels represent approximately 48.2% of all star-rated hotels in China. 2-star and 4-star hotels represent approximately 24.6% and 19.9% of total star-rated hotels, respectively. These statistics suggests that, on a national average basis, mid-lower to mid-end hotels represent the mainstream of China's star-rated hotel supply, while high-end hotels represent the minority.

Figure 30: Overall Proportion of Hotel Supply by Star Classification



Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels. 2013 statistics are based on the quarterly Bulletin of Statistics of China's Star-rated Hotels

Source: Bulletin of Statistics of China's Star-rated hotels (2008-2013), CBRE

5.6. Number of Hotels and Hotel Rooms by Star Classification

In 2013, the total number of star-rated hotels in China measured 11,895, with approximately 2.1 million star-rated hotel rooms. 3-star hotels and 3-star hotel rooms have the largest contribution to hotel and hotel room supply in China totalling 5,735 hotels.

While the absolute number of hotels and hotel rooms are dominated by 3-star facilities, the increase in the number of 5-star and 4-star hotels and hotel rooms have outpaced the increase in the number of 3-star and below hotels and hotel rooms, since 2008.

5-star and 4-star hotels have increased at a CAGR of 10.8% and 5.4%, respectively since 2008. As at 2013, there were approximately 722 5-star hotels and 2,370 4-star hotels. 1-star and 2-star, hotels have decreased at a CAGR of 22.4% and 12.2%, respectively, since 2008.

The increase in 4-star and 5-star hotels can be attributed to the rising affluence of business and leisure travellers in China, as well as the continued modernization and upgrading of major cities' real estate development.

Figure 31: Number of Star-Rated Hotels and Hotel Rooms between 2008 and 2013

Indicator		2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Hotels	1-star	518	455	297	164	142	146	-22.4
	2-star	5,616	5,375	4,612	3,276	3,020	2,922	-12.2
	3-star	5,712	5,917	6,268	5,473	5,379	5,735	0.1
	4-star	1,821	1,984	2,219	2,148	2,186	2,370	5.4
	5-star	432	506	595	615	640	722	10.8
Hotel Rooms	1-star	26,400	22,100	13,974	7,700	7,100	7,111*	-23.1
	2-star	391,500	384,000	313,871	214,000	197,500	198,655*	-12.7
	3-star	647,000	689,300	714,850	610,600	603,200	650,944*	0.1
	4-star	369,600	397,000	449,207	424,600	437,400	475,548*	5.2
	5-star	156,900	181,100	218,064	217,600	252,000	264,998*	11.1

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels.

* Note that the number of hotel rooms for 2013, is estimated by multiplying the average number of rooms per hotel between 2008 and 2012 to the number of hotels in 2013

Source: Bulletin of Statistics of China's Star-Rated Hotels (2008-2012), CBRE

5.7. Average Daily Room Rates by Star Classification

It should be noted that the China National Tourism Administration (CNTA) only started recording Average Daily Room Rate (ADR) by star classification in 2010.

ADRs, for all star-rated hotels on a national average basis, have increased since 2010. ADRs for 5-star hotels reached RMB 696.3 in 2013, 95.2% higher than ADRs of 4-star hotels. ADRs of 1-star to 5-star hotels have increased at a CAGR of between 1.6% and 3.1% between 2010 and 2013.

Figure 32: Average Daily Room Rates between 2010 and 2013

Indicator		2010	2011	2012	2013	2010 – 2013 CAGR (%)
ADRs (RMB)	1-star	114.1	118.1	126.9	120.5	1.9%
	2-star	142.3	140.4	152.0	155.7	3.1%
	3-star	202.6	208.8	215.8	221.2	3.0%
	4-star	339.3	350.4	365.1	356.8	1.7%
	5-star	664.6	688.6	710.2	696.3	1.6%

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels. Statistics are based on the quarterly Bulletin of Statistics of China's Star-rated Hotels

Source: Bulletin of Statistics of China's Star-Rated Hotels (2010 – 2013), CBRE

5.8. Occupancy level by Star Classification

On a national average basis, occupancies for all star-rated hotels have been relatively stable since 2008. On average, 4-star hotels have achieved the highest occupancy levels, followed by 3-star hotels, averaging 60.3% and 58.8% respectively between 2008 and 2013.

Figure 33: Average Occupancy Levels between 2008 and 2013

Indicator		2008	2009	2010	2011	2012	2013	2008 – 2013 Average
Occupancy (%)	1-star	51.0	51.2	50.1	52.0	54.4	51.9	51.9
	2-star	57.2	58.2	58.4	57.0	57.3	55.1	57.2
	3-star	58.5	59.4	60.2	60.0	59.2	55.7	58.8
	4-star	59.9	59.7	61.8	62.0	60.6	57.9	60.3
	5-star	57.3	51.1	60.4	61.0	59.9	57.9	57.9

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels. Statistics are based on the quarterly Bulletin of Statistics of China's Star-rated Hotels

Source: Bulletin of Statistics of China's Star-Rated Hotels (2008-2013), CBRE

5.9. Hotel Demand Drivers

Demand for Hotel rooms can be divided into three major groups:

1) Corporate Demand

Economic growth, in general, generates corporate hotel demand. On a more regional and local level, close concentration of commercial real estate, such as high-quality offices, business parks and industrial parks, are also strong generators of regional hotel demand. Corporate demand is typically the most substantial demand segment in most Chinese cities.

2) MICE

MICE is an acronym for Meetings, Incentives (tourism), Conferencing, and Exhibitions. MICE is another key demand driver for hotels and, as China's tertiary industries continue to increase, hotel demand from MICE can be expected to increase.

In China, there have also been an increasing number of business tours and conferences as hotel prices and availability of hotel rooms in China are competitive to traditional conference centers regionally such as Hong Kong. As the number of conferences increase, it can be expected that demand for hotels will also increase.

3) Group Travelers and Individual Tourist

Tourism is on the rise in China. Group travelers in China account for the largest portion of China's tourists. Tourism demand in China is largely driven by rising disposable income levels. Tourist travel accounts for a significant proportion of hotel demand in China's tourism-related cities, including Hangzhou, Suzhou, as well as in resort areas such as Qiandaohu in Zhejiang province.

6. CITY LEVEL HOTEL MARKET OVERVIEW

In consideration of Zhong An Real Estate's intended strategy to focus on the development and operation of high end hotels, and to partner with high-end international hotel operators, this section will focus on high-end hotels, i.e. 4-star and 5-star hotels.

6.1. Hangzhou

Hangzhou is known, both domestically and abroad, for its natural scenery and historical heritage and, as such, it is one of the top tourist destinations in China. Hangzhou has one of China's top tourist attractions, the West Lake Cultural Landscape, listed as a UNESCO World Heritage site since June 2011. In addition to its tourism assets, electronics, pharmaceuticals, and advanced manufacturing are its pillar industries.

6.1.1. Tourist Arrivals

As one of the most attractive cities for tourists in China, both domestic and foreign tourist arrivals into Hangzhou have increased significantly since 2008. Between 2008 and 2013, domestic and foreign tourist arrivals increased at a CAGR of 15.6% and 7.4%, respectively. Domestic tourist arrivals reached 94.1 million and foreign tourist arrivals reached 3.2 million.

Figure 34: Number of Foreign and Domestic Tourists between 2008 and 2013

Number of Tourists (Millions)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Arrivals	2.2	2.3	2.8	3.1	3.3	3.2	7.4
Domestic Arrivals	45.5	50.9	63.1	71.8	82.4	94.1	15.6

Source: Hangzhou Statistics Bureau, Hangzhou Economic and Social Development Statistics Bulletin, CBRE

6.1.2. Tourism Revenue

In line with the increase in tourist numbers into Hangzhou, tourism revenue has also increased significantly. Tourism revenue from domestic arrivals in 2013 has doubled since 2008, reaching RMB 147.1 million from RMB 61.7 million in 2008. Tourism revenue from foreign arrivals has also increased significantly, increasing at a CAGR of 10.7% between 2008 and 2013.

Figure 35: Tourism Revenues between 2008 and 2013

Tourism Revenue* (Billions)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Tourism (USD)	1.3	1.4	1.7	2.0	2.2	2.2	10.7
Domestic Tourism (RMB)	61.7	70.9	91.1	106.4	125.3	147.1	19.0

* The Statistics Bureau classifies revenues from foreign tourism as tourism revenue generated from foreign currency sources, expressed in U.S. Dollars.

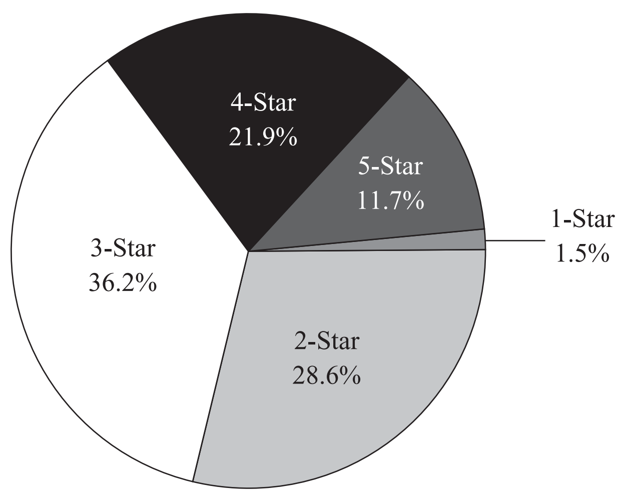
Source: Hangzhou Statistics Bureau, CBRE

6.1.3. Hangzhou's Hotel Segmentation

Based on CBRE's understanding of Hangzhou's hotel market, CBRE would classify high-end hotels as hotels rated 4-star and 5-star, mid-end hotels as 3-star, and low-end hotels as 1-star and 2-star.

In Hangzhou, the number of the star-rated hotels is dominated by mid-end and low-end hotels. As at 2013, the majority of Hangzhou's hotels are rated 3-star, contributing 36.2% of Hangzhou's total star-rated hotels, followed by 2-star hotels, contributing 28.6% of Hangzhou's total star-rated hotels. While 3-star hotel contribute most of Hangzhou's star-rated hotels, the number of 4-star and 5-star hotels, as a percentage of total star-rated hotels, exceeds national levels.

Figure 36: Overall Proportion of Hangzhou's Hotels by Star Classification as of 2013



Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels. 2013 Statistics are based on the quarterly Bulletin of Statistics of China's Star-rated Hotels.

Source: Bulletin of Statistics of China's Star-rated hotels (4Q2013), CBRE

6.1.4. Hangzhou's High-End Hotels

As at 2013, the number of 4-Star and 5-Star hotels in Hangzhou measured 43 and 23, respectively. Between 2010 and 2013, growth of 5-star hotels and hotel rooms have outpaced 4-star hotels and hotel rooms. The significant increase of 5-star hotels and hotel rooms can largely be attributable to the strong growth of tourist arrivals into Hangzhou and the rising affluence of visitors to Hangzhou.

Figure 37: Number of High-End Star-Rated Hotels and Hotel Rooms between 2010 and 2013

Indicator		2010	2011	2012	2013	2010 – 2013 CAGR (%)
Hotels	4-star	37	43	36	43	5.1
	5-star	15	19	17	23	15.3
Hotel Rooms	4-star*	8,362	9,718	8,136	9,718	5.1
	5-star**	4,740	6,004	5,372	7,268	15.3

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels.

Source: Bulletin of Statistics of China's Star-rated hotels (1Q 2010 – 4Q 2013), CBRE

* CBRE has estimated the number of 4-star hotel rooms by calculating the average number of hotel rooms from 10 representative 4-star hotels in Hangzhou and multiplying the average number of rooms to the number of 4-star hotels.

** CBRE has estimated the number of 5-star hotel rooms by calculating the average number of hotel rooms from all 5-star hotels in Hangzhou as of 4Q 2013 and multiplying the average number of rooms to the number of 5-star hotels.

6.1.5. ADR, Occupancy, and Revenue per Available Room

Between 2010 and 2013, ADR for Hangzhou's 4-star and 5-star hotels have been on an increasing trend, increasing at a CAGR of 1.8% and 1.1%, respectively. In 2013, ADRs for 4-star and 5-star hotels reached RMB 425.6 and RMB 663.3, respectively.

Occupancy of Hangzhou's 4-star and 5-star hotels has been on a declining trend since 2010. This is largely attributable to increasing 4-star and 5-star hotel supply since 2010, especially in non-centralised locations. However, average occupancy between 2010 to 2013 for both 4-star and 5-star hotels exceeded 60%, higher than the national average for both 4-star and 5-star hotels.

Revenue per Available Room (RevPAR) is defined as average occupancy multiplied by ADR. In Hangzhou, between 2010 and 2013, RevPAR for 5-star hotels has decreased at a CAGR of 6.8%, largely due to declining occupancy levels. RevPAR for 4-star hotels has decreased at a CAGR of 3.4% also largely due to declining occupancy levels.

In Hangzhou, Crown Plaza, and Sofitel are representative of high-end international brand operated hotels in Hangzhou. Based on CBRE's research, on average as at 1Q 2014, international brand operated top-tier hotels in Hangzhou achieved an estimated ADR premium of 65% to 75% higher than local brand operated hotels.

Figure 38: Average Daily Room Rates, Occupancy, and RevPAR between 2010 and 2013

Indicator		**2010**	**2011**	**2012**	**2013***		**2010 – 3Q 2013**
ADR (RMB)	4-star	403.3	414.3	467.0	425.6	1.8	CAGR Increase
	5-star	642.6	676.6	698.2	663.3	1.1	CAGR Increase
Occupancy (%)	4-star	72.4	64.9	65.3	61.8	-10.5	Percentage Decrease
	5-star	68.3	62.2	58.3	53.4	-14.8	Percentage Decrease
RevPAR (RMB/ Room)	4-star	291.8	269.0	305.5	263.4	-3.4	CAGR Decrease
	5-star	438.8	421.7	408.1	354.8	-6.8	CAGR Decrease

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels.

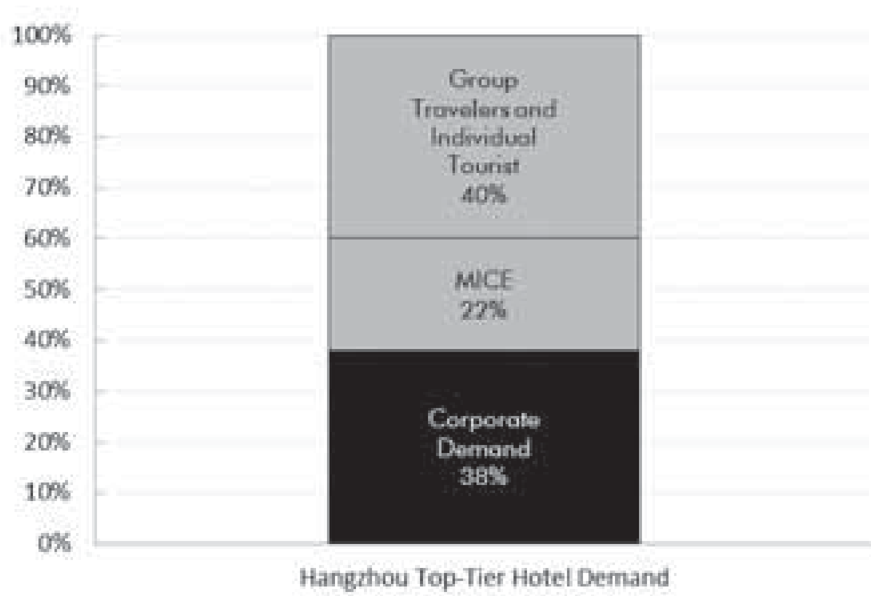
* 2013 Statistics is the average of 1st, 2nd, 3rd, and 4th quarters' Statistics.

Source: Bulletin of Statistics of China's Star-rated hotels (1Q 2010 – 4Q 2013), CBRE

6.1.6. Major Demand Drivers and Trends

Overall in Hangzhou, group travelers and individual tourist, and corporate demand are the most significant demand drivers for top-tier hotels. It should be noted, however, that in downtown Hangzhou, the most significant demand driver for top-tier hotels is heavily skewed towards corporate demand, and to a smaller extent MICE. In major tourist areas within downtown Hangzhou and other decentralized locations, the most significant demand driver for top-tier hotels is heavily skewed towards group travelers and individual tourists.

Figure 39: Demand for Top-Tier Hotels in Hangzhou



Source: CBRE

6.1.7. Expected New Supply

Between 2014 and 2017, it is expected that there will be approximately 11 top-tier hotels to be launched in Hangzhou with a total of approximately 3,000 rooms, based on information available in the market. A large number of top-tier hotels are expected to be launched in Qianjiang New City, an emerging new CBD area in Hangzhou. It is expected that the new hotels launched in Qianjiang New City will be positioned for corporate and MICE clients.

Figure 40: Hangzhou Expected High-End Hotel Future Supply

Hotel Operator	Location	Expected Completion Date	Estimated No. of Rooms
Radisson	Hangzhou Xintiandi	2014	321
Jumeirah	GT Land Plaza	2014	250
Jumeirah	Qiandaohu	2014	137
Anantara	Qiandaohu	2014	117
Hilton	Qianjiang New City	2014	330
Wyndham	Qianjiang New City	2014	230
Courtyard Marriott	Qianjiang New City	2014	322
Sheraton	Yintai (West Lake)	2015	400
Park Hyatt	MIXC at Qianjiang Phase II	2015	200
IOC Fairmont	Xiaoshan	2017	300
Swissotel	Xiaoshan	2017	400

Source: CBRE

6.1.8. Outlook

Looking forward, major demand drivers for hotels in Hangzhou are expected to be from:

Government Promotion of Tourism

One of the key goals of Hangzhou's 12th 5-year plan is to continue developing downtown tourism assets and trade. It is expected that favourable tourism policies from the government is expected to be a demand driver for hotels in Hangzhou.

In recent years, Hangzhou's government has been encouraging international tourists to visit Hangzhou via various tourism policies and promotions. Hangzhou's government has launched advertising campaigns the United Kingdom, Germany, France, and United States to attract more foreign visitors to Hangzhou.

Rising Disposable Income of Domestic Tourists

Domestic tourists contribute the largest number of tourist arrivals into Hangzhou. With numerous tourism assets, notably the West Lake Scenic Area which draws a large number of tourists, Hangzhou is already famous and a well-known holiday destination of choice amongst local tourists. It is expected that, as disposable incomes of 2nd and 3rd tier cities increase, Hangzhou will continue to be a popular destination of choice for domestic tourists, especially during domestic peak travel periods, i.e. October Holidays and Spring Festival.

Host City for Trade Shows

At present, Hangzhou is a popular destination of choice for trade shows, exhibitions, and conferences, with over 100 held in Hangzhou annually. To further bolster Hangzhou as a host city for these types of events, the Hangzhou Municipal Foreign Trade and Economic Cooperation Bureau is currently promoting Hangzhou as a trade conference destination overseas and organising additional trade shows into the city.

6.2. Ningbo

Ningbo is an important port city located in Zhejiang province and is the second busiest port in China. From its strategic coastal location, Ningbo is an important export base for the Yangtze River Delta region. Ningbo is also known for its high number of private enterprises and was one of the earliest cities in China to adopt market driven policies.

6.2.1. Tourist Arrivals

Ningbo is not traditionally known for its tourism and has relatively fewer tourism assets compared to many other cities in China. However, 1.3 million foreign tourists visited Ningbo in 2013 and, between 2008 and 2013; foreign arrivals into Ningbo have increased rapidly with a CAGR of 10.1%. While Ningbo is not traditionally known for its tourism, Ningbo is a popular city for domestic tourists. Domestic arrivals into Ningbo increased at a CAGR of 12.4%, between 2008 and 2013, reaching 62.3 million from 34.7 million.

Figure 41: Number of Foreign and Domestic Tourists between 2008 and 2013

Number of Tourists (Million)	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2008 – 2013 CAGR (%)**
Foreign Arrivals	0.5	0.5	0.5	0.6	0.6	1.3	10.1
Domestic Arrivals	34.7	39.6	46.2	51.8	57.5	62.3	12.4

Source: Ningbo Statistics Bureau, Ningbo Economic and Social Development Statistics Bulletin, CBRE

6.2.2. Tourism Revenue

Tourism revenue from domestic arrivals has almost doubled between 2008 and 2013, increasing at a CAGR of 16.7%. In 2013, revenue from domestic tourism reached RMB 90.4 billion. Revenues from foreign arrivals, over the same period, remained relatively flat.

Figure 42: Tourism Revenues between 2008 and 2013

Tourism Revenue* (Billions)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Tourism (USD)	0.5	0.5	0.6	0.7	0.7	0.8	11.2
Domestic Tourism (RMB)	41.7	49.7	61.1	70.9	81.6	90.4	16.7

* The Statistics Bureau classifies revenues from foreign tourism as tourism revenue generated from foreign currency sources, expressed in U.S. Dollars.

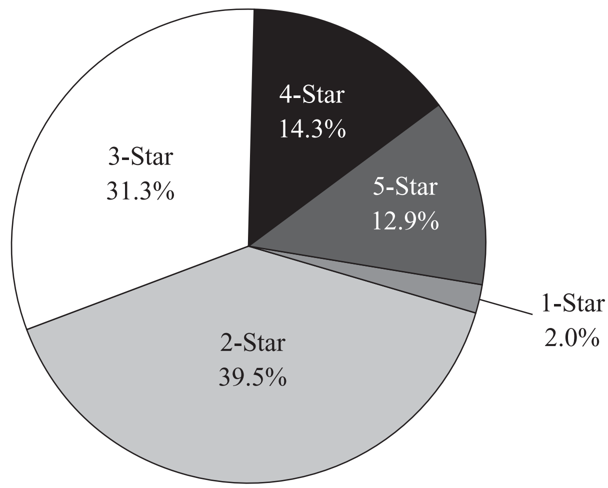
Source: Ningbo Statistics Bureau, Ningbo Economic and Social Development Statistics Bulletin, CBRE

6.2.3. Ningbo's Hotel Segmentation

Based on CBRE's understanding of Ningbo's hotel market, CBRE would classify high-end hotels as hotels rated 4-star and 5-star, mid-end hotels as 3-star, and low-end hotels as 1-star and 2-star.

Ningbo's hotel market is dominated by low-end hotels. 2-star hotels represent the highest proportion of the market, contributing approximately 39.5% to total star-rated hotels, followed by 3-star hotels, contributing approximately 31.3% of total star-rated hotels. 4-star and 5-star hotels, (i.e. high-end hotels), contribute approximately 14.3% and 12.9% of total star-rated hotels respectively.

Figure 43: Overall Proportion of Ningbo's Hotel by Star Classification as of 2013



Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels.

Source: Bulletin of Statistics of China's Star-rated hotels (4Q2013), CBRE

6.2.4. Ningbo's High-End Hotels

The number of 5-star hotels has increased to 19 in 4Q 2013, from 12 in 2010, while the number of 4-star hotels has increased at a more modest rate during the same period.

Figure 44: Number of High-End Star-Rated Hotels and Hotel Rooms between 2010 and 2013

Indicator		**2010**	**2011**	**2012**	**2013**	**2010 – 2013 CAGR (%)**
Hotels	4-star	19	21	21	21	3.4
	5-star	12	16	16	19	16.6
Hotel Rooms	4-star*	4,085	4,515	4,515	4,515	3.4
	5-star**	3,900	5,200	5,200	6,175	16.6

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels

Source: Bulletin of Statistics of China's Star-rated hotels (1Q 2010 – 4Q 2013), CBRE

* CBRE has estimated the number of 4-star hotel rooms by calculating the average number of hotel rooms from 10 representative 4-star hotels in Ningbo and multiplying the average number of rooms to the number of 4-star hotels.

** CBRE has estimated the number of 5-star hotel rooms by calculating the average number of hotel rooms from all 5-star hotels in Ningbo as of 4Q 2013 and multiplying the average number of rooms to the number of 5-star hotels.

6.2.5. ADR, Occupancy and Revenue per Available Room

ADR of 5-star hotels in Ningbo decreased by 4.4% between 2010 and 2011. The decrease can be largely attributable to new supply in 2011. Since 2011, ADR of 5-star hotels have been on an increasing trend. ADR of 4-star hotels in Ningbo increased by 3.8% between 2010 and 2011.

Occupancy of 4-star and 5-star hotels has steadily decreased since 2010. This can be largely attributable to a decrease in corporate travel to Ningbo as a result of declining exports as well as increased supply.

RevPAR for both 4-Star and 5-Star hotels in Ningbo have been declining as a result of both declining occupancy and declining ADR. RevPAR for 5-star hotels in Ningbo has decreased by RMB 50.9 per room due to declining occupancy and declining ADR.

In Ningbo, JW Marriott, Crown Plaza, Sheraton, and Howard Johnson are representative of high-end international brand operated hotels in Ningbo. Based on CBRE's research, on average as at 1Q 2014, international brand operated top-tier hotels in Ningbo achieved an estimated ADR premium of 60% to 70% higher than local brand operated hotels.

Figure 45: Average Daily Room Rates, Occupancy, and RevPAR between 2010 and 2013

Indicator		2010	2011	2012	2013*	2010 – 2013	
ADR (RMB)	4-star	372.8	387.0	403.9	390.0	1.5	CAGR Increase
	5-star	598.0	571.6	573.9	580.4	-1.0	CAGR Decrease
Occupancy (%)	4-star	59.8	57.8	54.9	48.6	-11.2	Percentage Decrease
	5-star	57.6	57.7	57.1	50.6	-6.9	Percentage Decrease
RevPAR (RMB/ Room)	4-star	223.0	223.5	221.7	189.2	-5.3	CAGR Decrease
	5-star	344.3	329.3	327.6	293.3	-5.2	CAGR Decrease

Note: Statistics are based on hotels which participated in the government's survey of Bulletin of Statistics of China's Star-rated Hotels.

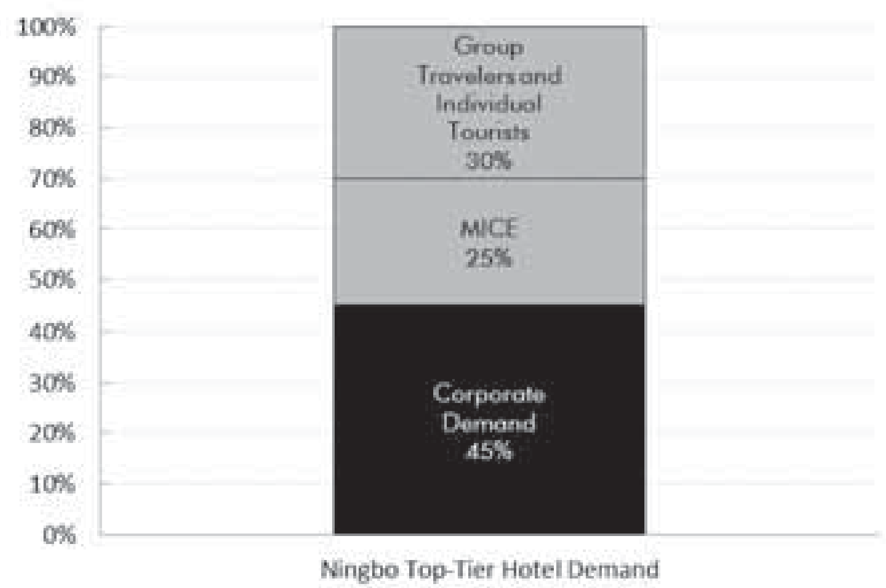
* 2013 Statistics is the average of 1st, 2nd, 3rd, and 4th quarters' Statistics.

Source: Bulletin of Statistics of China's Star-rated hotels (1Q 2010 – 4Q 2013), CBRE

6.2.6. Major Demand Drivers and Trends

As Ningbo is not traditionally known as a tourism city and has relatively fewer tourism assets, thus corporate demand is the most significant demand driver for top-tier hotels in Ningbo. While tourism is not one of the key selling points of Ningbo, it is estimated that approximately 30% of demand for top-tier hotels were from tourists, primarily domestic tourists.

Figure 46: Demand for Top-Tier Hotels in Ningbo



Source: CBRE

6.2.7. Expected New Supply

In the near future, it is expected that there will be 5 top-tier hotels launched in Ningbo, with an estimated total of 1,362 rooms, based on information available in the market. Besides the expected launch of the Langham hotel in Ningbo Culture Plaza in 2014, other expected new top-tier hotel launches are expected to be in Ningbo's decentralised regions. Two Sheraton hotels are expected to be launched in Xiangshan and Cixi, and two Hilton hotels are expected to be launched, one in Xiangshan and one in Yuyao.

Figure 47: Ningbo Expected High-End Hotel Future Supply

Hotel Operator	Location	Expected Completion Date	Estimated No. of Room
Langham	Ningbo Culture Plaza	2014	143
Hilton	Xiangshan	2014	316
Sheraton	Xiangshan	2015	270
Doubletree Hilton	Yuyao	2015	365
Sheraton	Cixi	2017	268

Source: CBRE

6.2.8. Outlook

Looking forward, major demand drivers for hotels in Ningbo are expected to be from:

Development of Yuyao as a High-Tech Industrial Zone

According to Ningbo's 12th 5-year plan, Yuyao is earmarked for development into a high-tech manufacturing base within the southern Yangtze River Delta region. Based on Yuyao's future planning in developing high-tech manufacturing service and related tertiary industries, the government plans to increase the percentage of tertiary industries to 40% by 2015. It is expected that demand from corporate travelers and MICE will be a major demand driver for hotels in Yuyao.

Government Promotion of Tourism

One of the key goals of Ningbo's Municipal Tourism Administration is to promote and develop Ningbo's tourism brand, coordinate major tourism festivals, and to guide the development of important tourism products. With the government's attention focused on Ningbo's tourism brand, in 2013, Ningbo was ranked 3rd place in terms of tourist satisfaction. In addition, in 2013, Ningbo was ranked as the favourite marine tourism destination amongst Chinese youth. With favourable government policies and already high awareness amongst domestic travellers, demand from group travellers and individual tourists can be expected to increase.

6.3. Suzhou

Suzhou, known as Venice of the East, is a popular tourist destination in China. Suzhou has numerous tourism assets most notably the Classical Gardens in Suzhou, which are UNESCO World Heritage sites.

6.3.1. Tourist Arrivals

Domestic tourists are the largest group of tourists visiting Suzhou. As at 2013, domestic tourist arrivals into Suzhou reached 94.2 million, steadily increasing from 52.9 million in 2008, a CAGR increase of 12.2%. Foreign tourist arrivals into Suzhou reached 1.9 million from 2.2 million in 2008, a CAGR decrease of 2.9%.

Figure 48: Number of Foreign and Domestic Tourists between 2008 and 2013

Number of Tourists (Million)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Arrivals	2.2	2.2	2.7	3.0	3.2	1.9	-2.9
Domestic Arrivals	52.9	58.7	70.1	77.8	86.2	94.2	12.2

Source: Suzhou Statistics Bureau, Suzhou Economic and Social Development Statistics Bulletin, CBRE

6.3.2. Tourism Revenue

Tourism revenue from domestic arrivals reached RMB 143.9 billion, an increase of RMB 70.4 billion from 2008. Tourism revenue from domestic arrivals has been steadily increasing and has increased at a CAGR of 14.4% since 2008. Although the number of foreign tourists visiting Suzhou is relatively low compared to domestic tourists, growth of tourism revenue from foreign arrivals has increased at a CAGR of 6.3%.

Figure 49: Foreign and Domestic Tourism Revenues between 2008 and 2013

Tourism Revenue* (Billion)	2008	2009	2010	2011	2012	2013	2008 – 2013 CAGR (%)
Foreign Tourism (USD)	1.0	1.0	1.3	1.5	1.7	1.4	6.3
Domestic Tourism (RMB)	73.5	77.3	91.8	108.5	125.4	143.9	14.4

* It should be noted that the Statistics Bureau classifies revenues from foreign tourism as tourism revenue generated from foreign currency sources, expressed in U.S. Dollars.

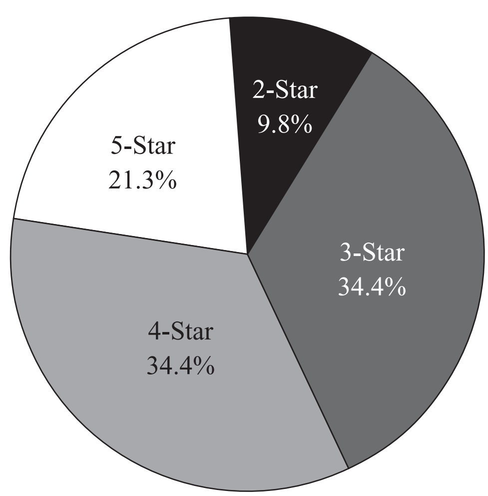
Source: Suzhou Statistics Bureau, Suzhou Economic and Social Development Statistics Bulletin, CBRE

6.3.3. Suzhou's Hotel Segmentation

Based on CBRE's understanding of Suzhou's hotel market, CBRE would classify high-end hotels as hotels rated 4-star and 5-star, mid-end hotels as 3-star, and low-end hotels as 1-star and 2-star.

Officially according to government statistics, it is noted that Suzhou does not report any 1-star rated hotels. Suzhou is dominated by mid-end and high-end hotels. As at 2013, 34.4% and 34.4% of star-rated hotels in Suzhou were 3-star and 4-star, respectively. 5-star hotels contributed 21.3% to Suzhou's star-rated supply and 2-star hotels contributed 9.8%.

Figure 50: Overall Proportion of Suzhou's Hotels by Star Classification as of 2013



Source: Bulletin of Statistics of China's Star-rated hotels (4Q2013), CBRE

6.3.4. Suzhou's High-End Hotels

The number of 5-star hotels in Suzhou has increased at a faster rate than 4-star hotels since 2010. The table below shows the overall trend in number of 4- and 5-star hotels.

Figure 51: Number of High-End Star-Rated Hotels and/or Hotel Rooms between 2010 and 2013

Indicator		2010	2011	2012	2013	2010 – 2013 CAGR (%)
Hotels	4-star	42	46	44	42	0.0
	5-star	20	25	25	26	9.1
Hotel Rooms	4-star*	10,500	11,500	11,000	10,500	0.0
	5-star**	6,240	7,800	7,800	8,112	9.1

Source: Bulletin of Statistics of China's Star-rated hotels (1Q 2010 – 4Q 2013), CBRE

* CBRE has estimated the number of 4-star hotel rooms by calculating the average number of hotel rooms from 10 representative 4-star hotels in Suzhou and multiplying the average number of rooms to the number of 4-star hotels.

** CBRE has estimated the number of 5-star hotel rooms by calculating the average number of hotel rooms from all 5-star hotels in Suzhou as of 4Q 2013 and multiplying the average number of rooms to the number of 5-star hotels.

6.3.5. ADR, Occupancy, and Revenue per Available Room

ADR for both 4- and 5-star hotels has been fluctuating somewhat, although on a generally upward trend since 2010. Growth in ADR has been more significant for the 4-star market as compared with the 5-star market, a trend driven mainly by the more competitive environment for 5-star hotels. Since 2010, ADR growth has measured 4.0% for the 4-star market and 1.9% for the 5-star market.

Occupancy of Suzhou's 4-star and 5-star rated hotels has been declining since 2010. Average occupancy, between 2010 and 2013 is 50.7% for 4-star hotels and 54.2% for 5-star hotels.

The declining occupancy can be partly attributable to the launch of high speed railway between Shanghai and Suzhou. Suzhou, is now accessible from Shanghai in under an hour via high speed rail. Suzhou has become a popular day trip for tourists in Shanghai and has reduced the need for overnight stays in Suzhou.

RevPAR, between 2010 and 2013 decreased for both 4-star and 5-star hotels as a result of decreasing occupancy.

In Suzhou, Kempinski, Shangri-La, Crown Plaza, and Swissotel are representative of high-end international brand operated hotels in Suzhou. Based on CBRE's research, on average as at 1Q 2014, international brand operated top-tier hotels in Suzhou achieved an estimated ADR premium of 90% to 100% higher than local brand operated hotels.

Figure 52: Average Daily Room Rates, Occupancy, and RevPAR between 2010 and 2013

Indicator		**2010**	**2011**	**2012**	**2013***	**2010 – 2013**	
ADR (RMB)	4-star	285.8	316.8	320.5	321.9	4.0	CAGR Increase
	5-star	529.0	554.0	563.2	559.4	1.9	CAGR Increase
Occupancy (%)	4-star	54.6	49.7	49.4	49.2	-5.3	Percentage Decrease
	5-star	56.9	55.1	54.5	50.5	-6.4	Percentage Decrease
RevPAR (RMB/ Room)	4-star	155.7	157.7	158.4	147.6	-1.8	CAGR Decrease
	5-star	300.8	305.6	307.4	266.9	-3.9	CAGR Decrease

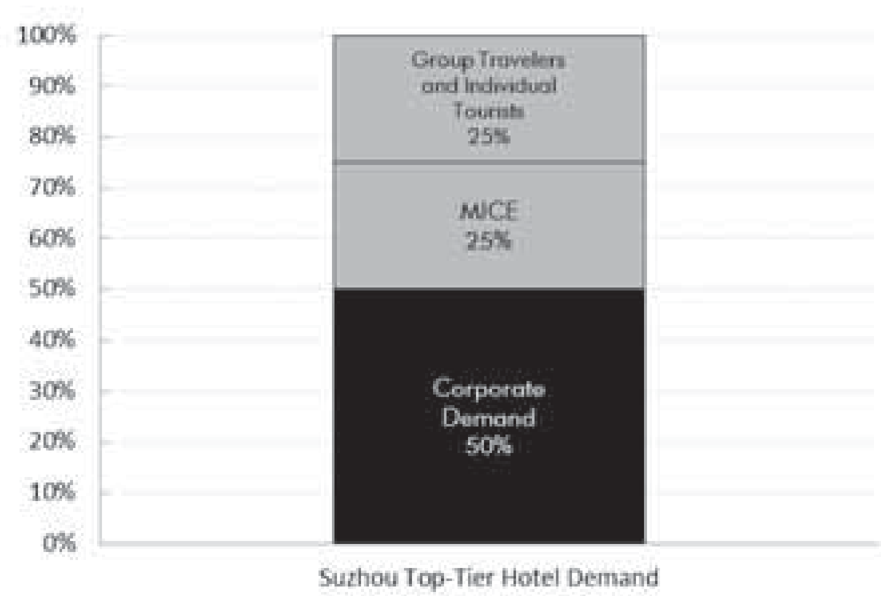
* 2013 Statistics is the average of 1st, 2nd, 3rd, 4th quarters' Statistics.

Source: Bulletin of Statistics of China's Star-rated hotels (1Q 2010 – 4Q 2013), CBRE

6.3.6. Major Demand Drivers

Overall in Suzhou, the most significant demand driver for top-tier hotels is corporate demand. Demand for top-tier hotels in CBD and industrial zones in Suzhou are heavily skewed towards corporate demand. It is also noted that demand for MICE, from hotels that were surveyed, is decreasing and many hotels are reworking their positioning to attract more group travelers and individual tourist, and corporate guests. Demand for top-tier hotels in Suzhou's tourism districts are heavily skewed towards group travelers and individual tourist demand.

Figure 53: Demand for Top-Tier Hotels in Suzhou



Source: CBRE

6.3.7. Expected New Supply

Over the next few years, 5 top-tier hotels are expected to be launched in Suzhou with an estimated total of 1,500 rooms, based on information available in the market. Four Seasons and Le Méridien are expected to make their debut in Suzhou with the launch of Four Seasons Hotel in Jinji Lake and the launch of Le Méridien in Wujiang Taihu. Besides the expected launch of Four Seasons in Jinji Lake and JW Marriott in Suzhou Industrial Park, all other expected future supply will be located in areas outside of downtown Suzhou.

Figure 54: Suzhou Expected High-End Hotel Future Supply

Hotel Operator	Location	Expected Completion Date	Estimated No. of Rooms
Four Seasons	Jinji Lake	2015	240
Westin	Xiangcheng	2016	420
JW Marriott	SIP	2016	305
Sheraton	Taihu	2017	226
Le Méridien	Wujiang Taihu	2019	317

Source: CBRE

6.3.8. Outlook

Looking forward, major demand drivers for hotels in Suzhou are expected to be from:

Suzhou Industrial Park Preferential Tax Policies

In June, 2013, SAT announced preferential tax policies for limited partnership venture capital enterprises who are engaged solely in capital investment activities. Under the policy, these types of companies will be subject to preferential tax treatments. This is expected to draw an increased number of venture capital companies into SIP, thus increasing corporate and MICE demand for top-tier hotels located around SIP.

Favourable Government Policies

One of the key goals of Suzhou's 12th 5-year plan is to expand Suzhou's downtown area to meet the increasing needs of the tourism industry. With favourable government policies towards Suzhou's downtown areas, group travellers and individual tourism demand for hotels can be expected to increase in the future.

Development of Satellite Areas

Another key goal of Suzhou's 12th 5-year plan is to develop high-tech industrial clusters in Huqiu and Wuzhong. In addition, the Suzhou government is planning to redevelop Kunshan, Taicang, and Changshu into a "high value added" service cluster. Corporate and MICE demand for top-tier hotels located in these decentralised regions in Suzhou can be expected to increase in the future.

Rising Disposable Income of Domestic Tourists

In 2008, Humble Administrator's Garden and Zhouzhuang Town in Suzhou were classified as AAAAA (the highest grade tourism rating given by the CNTA). In addition, Suzhou's classical gardens are listed as UNESCO World Heritage Sites. With top grade tourism assets, Suzhou is a well-known holiday destination of choice amongst tourists both local and overseas. As the majority of tourism revenue is generated from domestic tourists, rising disposable incomes of 2nd and 3rd tier residents can be expected to be a driver of hotel demand in Suzhou.

ESTABLISHMENT OF A REAL ESTATE DEVELOPMENT ENTERPRISE

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

- its registered capital must be RMB1 million or more; and

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

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

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

In response to the global financial crisis and in an effort to expand domestic demand, the State Council issued a notice for Adjusting the Portion of Capital for Fixed Assets Investment《國務院關於調整固定資產投資項目資本金比例的通知》in May 2009. Under such notice, the limit of capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the capital ratio for other real estate development projects is adjusted from 35% to 30%.

Foreign Invested Real Estate Enterprise ("FIREE")

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

Subject to approval by the relevant foreign investment regulatory authorities, a foreign investor intending to engage in the development and operation of real estate may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise in accordance with the PRC laws and administrative regulations regarding foreign invested enterprise. According to the Catalogue, "high-quality hotels" are classified as restricted items for foreign investment. However, we have been advised by our PRC Legal Advisors that there is no clear definition as to what constitutes "high-quality hotels" for the purpose of the Catalogue. Consistent with the market practice, we applied for an approval from relevant Hangzhou DRC in respect of the project of Holiday Inn Hangzhou Xiaoshan. Hangzhou DRC did not submit our application to NDRC and granted us the approvals. However, it remains open to NDRC to take a different view from the Hangzhou DRC. If this occurs, the approvals granted by the Hangzhou DRC may be reviewed by NDRC and, if we were unable to satisfy the enquiries from NDRC, NDRC may require us to make a re-submission.

If in the future we also develop such properties in which case the development will be subject to the review and approval by MOFCOM and NDRC.

In July 2006, the Ministry of Construction (the predecessor of Ministry of Housing and Urban-Rural Development "MOHURD"), MOFCOM, NDRC, PBOC, SAIC and SAFE promulgated the Opinions on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market《關於規範房地產市場外資准入和管理的意見》(the **"Opinions"**). According to the Opinions, a foreign investor must comply with the following requirements in order to invest in the real estate market in China:

- A foreign entity or individual purchasing real estate in China other than for self-use shall, subject to the principle of commercial existence, apply for the establishment of a foreign-invested enterprise pursuant to the regulations relevant to foreign investment in real estate, and conduct relevant operations within the authorized business scope after obtaining approvals from the relevant government authorities and upon completion of the relevant registrations.

- If the total investment amount of a foreign-invested real estate development enterprise exceeds or equals to US$10 million, the registered capital shall not be less than 50% of the total investment amount of the enterprise. If the total investment amount is less than US$10 million, the current rules on registered capital shall apply.

- A transfer of projects of or shares in a foreign-invested real estate development enterprise, and the acquisition of a domestic real estate development enterprise by foreign investors shall be approved by the commerce authorities in strict compliance with the relevant laws, regulations and policies. The investor should submit: (a) a letter of guarantee pledging to abide by the Land Use Right Grant Contract, the Construction Land Planning Permit and the the Construction Work Planning Permit; (b) the Land Use Right Certificate; (c) the certification of a change of registration issued by the relevant construction administration authorities; and (d) the certification of tax payment issued by the relevant tax authorities.

- Foreign investors acquiring a domestic real estate enterprise by way of equity transfer or other means, or acquiring domestic investors' equity interest in an equity joint venture, shall make proper arrangements for the real estate enterprise's employees and bank loan repayment. The foreign investors shall pay the transfer price in a lump sum and with their own capital. Foreign investors with unfavorable records are prohibited from involvement in such real estate activities in China.

In August 2006, the General Office of MOFCOM issued a notice on the implementation of the Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market《關於貫徹落實<關於規範房地產市場外資准入和管理的意見>有關問題的通知》.

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

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

In May 2007, MOFCOM and SAFE issued the Notice on Further Strengthening and Regulating the Approval and Administration of Foreign Direct Investments in the Real Estate Industry《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》(the **"Notice No. 50"**). Under the Notice No. 50, local commercial authorities should reinforce the approval and supervision process over foreign investment in real estate enterprises, and strictly control foreign fund from investing in high quality real estate development projects. For the establishment of a FIREE, the land use rights and ownership of real estate buildings shall be obtained in advance, or reservation transfer/purchase agreements of land use or building property rights shall be signed with land administration authority, and the land developer/owner of real estate buildings, otherwise the establishment will not be approved by the relevant authorities. For existing foreign invested enterprises which intend to engage in real estate development or operation business, or FIREEs which intend to engage in the development and operation of new real estate projects, such foreign invested enterprises shall, in accordance with the laws and regulations concerning foreign investment, apply to the examination and approval authority to go through the relevant formalities concerning expansion of business scope or extension of business scale.

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

The local MOFCOM administrative authority should file a record with MOFCOM after a foreign-invested real estate company has been approved for establishment. The local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for capital projects of FIREEs which fail to file a record with the local MOFCOM or pass their annual review.

In June 2008, MOFCOM issued the Notice on Better Implementation of the Registration of Foreign Investment in the Real Estate Sector《關於做好外商投資房地產業備案工作的通知》, (the **"Notice No. 23"**). According to Notice No. 23, MOFCOM entrusts provincial MOFCOM departments to verify materials on records of FIREEs. Notice No. 23 requires that the establishment (including the increase of registered capital) of a FIREE shall comply with the project company principle of engaging in one approved real estate project only.

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

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

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

In November 2010, the General Office of MOFCOM issued the Notice on Strengthening Management to Registration of Foreign Investment in the Real Estate Sector, 《關於加強外商投資房地產業審批備案管理的通知》. Under such Notice, FIREEs are prohibited from generating revenues through purchasing and selling completed real estate properties and/or real estate properties under construction, and local commerce administration authorities are prohibited from accepting the registration of investment companies involved in the development and management of real estate.

On July 25, 2000, MOFCOM and SAIC jointly promulgated the Tentative Provisions for Investment in the PRC by Enterprises with Foreign Investment《關於外商投資企業境內投資的暫行規定》(the **"Tentative Provisions"**), effective since September 1, 2000. The Tentative Provisions provides that: (i) any foreign investment enterprise that intends to invest and establish a company in the fields of the encouraged category or the permitted category shall apply to the company registration authority at the place where the invested company is to be located; and (ii) any foreign investment enterprise that intends to invest and establish a company in the fields of the restricted category shall apply to the competent authority for foreign trade and economy at the provincial level of the place where the invested company is to be located. In case any foreign investment enterprise that intends to invest in the central and/or west regions and the foreign investment accounts for no less than 25% of the Invested Company, the Invested Company may enjoy the foreign investment enterprise treatment.

SEVERAL OPINIONS OF THE STATE COUNCIL ON ENCOURAGING AND GUIDING THE HEALTHY DEVELOPMENT OF PRIVATE INVESTMENT

According to the Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment《國務院關於鼓勵和引導民間投資健康發展的若干意見》promulgated and effective on May 7, 2010, the government encourages and guides the private investment to enter into the basic industries and infrastructure area, encourages the private capital to participate in land development, encourages private capital to participate in construction of municipal utilities, such as the city water supply, gas supply, heat supply, sewage and waste disposal, public transport, landscaping and other urban areas.

QUALIFICATIONS OF A REAL ESTATE DEVELOPER

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

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

- Approval measures of class 2 or lower qualifications are formulated by the construction authorities at the provincial level. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 square meters and the specific scale is subject to confirmation by the construction authorities at the provincial level.

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

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

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

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

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

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

Under the Provisions on the Administration of Qualifications of Newly Established Real Estate Development Enterprises in Hangzhou《杭州市新設立房地產開發企業資質管理規定》, an interim qualification certificate is provided either on a project basis or on a non project basis. A non-project-basis qualification certificate may be issued to a property enterprise that is qualified to file an application for a graded qualification certificate or upgrade its qualification according to Provisions on the Administration of Qualifications of Real Estate Development Enterprises, while a project-basis qualification certificate applies to a property enterprise that establish a new enterprise to develop a certain project.

In addition, pursuant to the Provisions on Administration of Qualifications, a newly-established real estate developer shall apply to the competent authorities for a tentative qualification certificate (暫定資質證書) within 30 days from the date of its business license. Developers applying for a tentative qualification certificate shall fulfill the requirements of class 4 qualification or above. The validity period of the certificate is 1 year. Regulatory authorities of real estate development may extend the validity of the tentative qualification certificate depending on the operation of the developer, provided that the extension shall not exceed two years. In the event that no development project has been carried out within one year since the issuance date of the tentative qualification certificate, the validity of tentative qualification certificate shall not be extended.

URBAN AND RURAL PLANNING LAW

The Urban and Rural Planning Law《城鄉規劃法》 (the "Planning Law") was promulgated by the Standing Committee of the National People's Congress on October 28, 2007, and effective from January 1, 2008, to regulate urban and rural planning activities. Construction activities in PRC conducted by all entities or individuals shall comply with duly approved urban and rural plans. Under the law, urban and rural plans includes urban system plans, city plans, town plans, township plans and village plans. City plans and town plans may be classified into overall plans and detailed plans, which include controlled detailed plans and constructive detailed plans.

City plans and town plans shall be worked out in cities and towns in accordance with the provisions of Planning Law. Construction activities within a city or town planning area shall be conducted according to the planning requirements. The organs organizing the compilation of urban and rural plans shall promptly promulgate the legally approved urban and rural plans, except for contents which shall not be disclosed as required by laws or administrative regulations.

The content of city overall plans or town overall plans shall include: the overall arrangement for the development, functional zones, land use layout and comprehensive traffic system of the city or town, regions prohibited, restricted from or appropriate for construction and various kinds of special plans, etc. The following contents shall be included in the city overall plans or town overall plans as mandatory contents: coverage of the planning area, scale of the land used for the construction within the planning area, land used for infrastructure and public service facilities, water head sites and water system, basic farmland, and land used for afforestation, environmental protection, protection of natural and historical cultural heritages, and disaster prevention and alleviation, etc.

- The competent department of urban and rural planning of the people's government of a city shall, according to the requirements of the city overall plans, organize the compilation of the detailed controlling plans of the city.

- The people's government of a town shall, according to the requirements of the town overall plans, organize the compilation of the detailed controlling plans of the town, and file the plans with the people's government at the next higher level for examination and approval.

If the state-owned land use right within a city or town planning area is assigned, the competent department of urban and rural planning under the people's government of the city or town shall, prior to transferring the state-owned land use right, pursuant to the detailed controlling plans, put forward such planning conditions as location, nature of use and development intensity of the granted land, as an integral part of the contract for assigning the state-owned land use right. If the planning conditions of a land blocks have not been confirmed, the state-owned land use right shall not be assigned.

If the state-owned land use right for a construction project is assigned, the construction unit shall, after entering into the contract for assigning the state-owned land use right, on the strength of the verification and approval and filing documents of the construction project, as well as the contract for assigning the state-owned land use right, apply to the competent department of urban and rural planning under the people's government of the city or county for the permit for the planned use of construction land.

If buildings, structures, roads, lines and other engineering structures are to be constructed within a city or town planning area, construction units or individuals shall apply to the competent department of urban and rural planning under the people's government of the city or county or the people's government of the town specified by the people's government of the relevant province, autonomous region or municipality directly under the Central Government for the construction project planning permit.

The competent department of urban and rural planning under the local people's government at or above the county level shall check and verify whether a construction project satisfies the planning conditions in accordance with the provisions of the State Council. The construction unit shall not organize the completion acceptance for any construction project that has not been verified or is found failing to satisfy the planning conditions.

DEVELOPMENT OF A REAL ESTATE PROJECT

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》(the **"Interim Regulations on Grant and Assignment"**) promulgated by the State Council in May 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site for a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law and the Interim Regulations on Grant and

Assignment, the land administration authority at the city or county level may enter into a land use rights grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the grant of land use rights. The Urban Real Estate Law and the Development Regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC Government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC Government authorities and the land premium as determined by the relevant PRC Government authorities has been paid.

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

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

According to the Regulations on Idle Land Administration《閒置土地處置辦法》promulgated by the MLR on April 26, 1999, and as amended in May 2012, any land shall be considered idle land where the land user fails to commence development after one year from the construction commencement date stipulated in the state-owned construction land use rights grant contract or in the approval of premium-free allocation. The land may also be treated as idle land and may be subject to an idle land fee or forfeiture, if the developed land area is less than one-third of the total land area under the land use rights grant contract or if the sum already expended on the development of the land is less than one-fourth of the total investment of the project and the suspension of development of the land has lasted for over one year.

According to the Regulations on Idle Land Administration, if the land user fails to commence development of the land after one year from the construction commencement date, then the local land administration authority, with approval from the local government, shall charge the land user an "idle land fee" of 20% of the land premium, which is not permitted to be disbursed from the cost. If the land user fails to commence development of the relevant land after two years from the deadline, with approval by the local government, the land user's land use rights shall be forfeited by the local land administration authority without compensation. However, the aforesaid penalties do not apply if the failure to commence development and construction is due to force majeure or caused by government actions. Where the land user violates laws and regulations or breach contractual obligations or the land allotment letter by reserving or speculating lands on purpose, the local land administration authority shall not accept their new land use application or registration of transfer, lease, charge and change of such idle land. Relevant local land use administration departments shall inform finance administration departments of the information on the idle land.

On September 8, 2007, the MLR promulgated the Notice on Strengthening the Administration of Idle Land《關於加大閒置土地處置力度的通知》(Guo Tu Zi Dian Fa [2007] No.36) (the **"Notice No. 36"**) providing that the state-owned land use right shall be granted with vacant possession. It means that the state-owned land use right can only be transferred after paying off the consideration of early stage development including acquiring the title ownership, reclamation and clearance. The Notice No. 36 also prescribes that the State-owned Land Use Rights Certificate 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.

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

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land《城市國有土地使用權出讓轉讓規劃管理辦法》promulgated by the Ministry of Construction in December 1992, and as amended in January 2011, the grantee under a land use rights grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Planning Laws, and local statutes on municipal planning. Upon approval by the relevant authorities, a permit for construction works planning will be issued by the relevant municipal planning authority. According to the Planning Law, a construction entity shall return the land or compensate relevant parties if it gets the approval of land use right without a permit for construction works planning. Such land use right approval shall be forfeited by the relevant authority. If a construction entity starts a project construction without obtaining a planning permit or violates the provisions of the planning permit, it is liable to be punished by local planning administration authorities by way of stopping construction, the imposition of a fine based on construction costs or removal of the completed construction.

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

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

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction works, as well as provisions of the relevant contracts. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Development Regulations and the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure《房屋建築工程和市政基礎設施工程竣工驗收暫行規定》(**"Acceptance Examination Measures"**) promulgated by the Ministry of Construction in June 2000. The developer must also report details of the acceptance examination according to the Interim Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure《房屋建築和市政基礎設施工程竣工驗收備案管理暫行辦法》promulgated by the Ministry of Construction in April 2000, as amended in October 2009 by MOHURD (the successor of the Ministry of Construction). A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

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

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

LAND RESERVE

In order to control the land market and promote reasonable land utility, the MLR, Ministry of Finance and PBOC jointly promulgated the Administration Measures on Land Reserve 《土地儲備管理辦法》 on November 19, 2007, which regulates the preliminary land development and land reserve by land reserve entities, affiliates of the land and resources authorities at city or county level, before the land and resources authorities grant land according to relevant laws and regulations. The enterprises should be elected through public tender to conduct the land development involving road development, supply of water, power and gas, telecommunications, lighting, landscaping and land leveling etc. according to applicable laws and regulations.

LAND FOR PROPERTY DEVELOPMENT

In April 1988, the National People's Congress amended the PRC Constitution《中華人民共和國憲法》to permit the transfer of land use rights for value. In December 1988, the Standing Committee of the National People's Congress amended the Land Administration Law《土地管理法》to permit the transfer of land use rights for value.

Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation.

In May 2002, MLR promulgated the Rules Regarding the Grant of State-Owned Construction Land Use Rights By Way of Tender, Auction and Listing-For-Sale《招標拍賣掛牌出讓國有建設用地使用權規定》, which was implemented on April 3, 2002 and was amended in September 2007. Pursuant to the such rules, all land for commercial use, tourism, entertainment and commodity residential housing must be granted by way of tender, auction or listing for sale.

On September 24, 2003, MLR promulgated the Notice on Strengthening the Land Supply Management and Promoting the Sustainable Sound Development of Real Estate Market《關於加強土地供應管理促進房地產市場持續健康發展的通知》, as amended in December 2010, which provides that land supply for luxury commodity housing shall be strictly controlled.

According to the Opinions on Certain Issues Relating to Voluntary Examination and Rectifying of Land Market《關於進一步治理整頓土地市場秩序中自查自糾若干問題的處理意見》 promulgated by MLR on October 13, 2003, land must be restored to its original use if the development of such land fails to comply with the overall land use requirements, unless such land has been developed for construction and restoration is impossible to achieve, in which case the overall land use requirements shall be modified so that the respective amount of basic farmland, cultivated land and land for building will remain unchanged. Similarly, restoration of land to farmland or to its original use is required when a land development project lacks construction feasibility or is short of project funding, even though a proper approval is in place. Idle land that has been supplied for construction purposes shall be disposed of according to relevant stipulation governing idle land. However, exceptions are allowed when pre-approval has been granted by local authorities, or if a project development contract has been executed and between local authorities and developers prior to July 1, 2002. On March 21, 2004, the MLR together with the Ministry of Supervision promulgated the Notice of Enforcing and Supervising the Transfer of Operative Land Use Rights Through Tenders, Bidding and Public Auction《關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知》, which expressively required that after August 31, 2004, no transfer of land use rights will be allowed in the form of agreement.

According to the Notice of the General Office of the State Council on Regulating Administration of Incomes from and Expenditures for Assignment of Right to Use State-owned Land 《國務院辦公廳關於規範國有土地使用權出讓收支管理的通知》 promulgated and effective on December 17, 2006, incomes from assignment of the right to use state-owned land are all land revenue obtained by the government through assignment and allotment of the right to use state-owned land, including the compensation for land requisition and the allowance for resettlement paid by the assignee, the earlier-stage land development fee and the land assignment proceedings. As of January 1, 2007, all land assignment incomes/expenditures shall be incorporated into the local government fund budget for administration. All land assignment incomes shall be paid to local treasuries, and all land assignment expenditures shall be appropriated from land assignment incomes on the basis of local government fund budget, so as to implement the divided administration of income and expenditure. A special account shall be set up by each local treasury for calculating land assignment incomes and land assignment expenditures.

The usage scope of Land Assignment Income:

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

- Expenditures for land development, including the earlier-stage land development expenses and the expenses relating to earlier-stage land development as specified by the financial departments;

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

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

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

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

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

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

In January 2011, the State Council issued the Notice on Issues Relating to Further Regulating the Control of Property Market《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》which specifies that if a real estate developer fails to obtain the construction permits or fails to commence the construction within two years from the designation of land for real estate development, the granted land use rights will be forfeited and an idle land penalty will be imposed. A real estate developer is further restricted from transferring land and real estate development projects if the amount of real estate development investment (excluding the land grant fee) incurred is less than 25% of the total investment amount in respect of the subject project. The MLR issued the Notice of Diligently Carrying Out Real Estate Land Use Management and Regulation《關於做好2012年房地產用地管理和調控重點工作的通知》on February 15, 2012, requiring land users to submit written reports to land and resources authority at the time of or prior to project commencement and completion.

SALE OF COMMODITY PROPERTIES

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

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

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

The proceeds from the pre-sale of commodity buildings must be used in the relevant project construction.

According to the Measures for Administration of Sale of Commodity Houses, the real estate developer shall not sell commodity housing by means of rebated sale or any such means in disguised forms. The real estate developer may not sell uncompleted commodity housing by the after-sale lease guarantee or by any such means in disguised forms.

According to the Notice on Promoting the Stable and Sound Development of the Real Estate Market promulgated by the General Office of the State Council, local governments shall decide the minimum scale of pre-sales rationally based on local practice and may not issue separate pre-sale permits by floor or unit.

In April 2010, the MOHURD issued the Notice on Further Regulating the Real Estate Market and Improving the Commodity Housing Pre-sale System《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》, which set forth certain measures to enhance the regulation of pre-sales of commodity housing. Real estate developers are strictly prohibited from pre-selling commodity housing without obtaining pre-sale permits. Within 10 days after obtaining the relevant pre-sale permits, real estate developers are required to make a public announcement on all information relating to the units available for pre-sale and the price of each unit.

TRANSFER OF REAL ESTATE

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate《城市房地產轉讓管理規定》promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, bequeath or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

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

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

- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or

- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes; or

- in case of where the real property's construction has been completed, the property ownership certificate shall have been obtained.

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

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

LEASES OF BUILDINGS

The National People's Congress promulgated the Contract Law of the PRC《中華人民共和國合同法》(the **"Contract Law"**) in March 1999, which was effective since October 1999. The Contract Law defines a leasing contract as a contract whereby the lessor delivers to the lessee the lease item for it to use or accrue benefit from, and the lessee pays the rent.

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

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

MORTGAGES OF REAL ESTATE

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

The MLR issued the Administrative Measures on Land Registration《土地登記辦法》(the **"Measures on Land Registration"**) on December 30, 2007, which has been effective since February 1, 2008.

According to the Measures on Land Registration, land registration refers to the registration of land-use rights of relevant land for public review. The Measures on Land Registration stipulate that the administrative authority of land and resources must conclude land registrations within 20 days after receiving an application. If the case is complex, a 10-day extension can be approved by the principal of land and resources administrative authority.

On April 9, 2008, MLR released the Notice 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》(Guo Tu Zi Fa [2008] No.70) (the **"Notice No. 70"**), which calls for stringent land registration according to relevant laws, cessation of illegal registration, and prohibition of legalizing illegal land through land registration.

The Notice No. 70 states that the registrations will not be granted to 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. In addition, the Notice No. 70 stipulates that personnel without a Land Registration Qualification Certificate must not be engaged in land ownership investigation and examination. Any person responsible for incorrect registration or incomplete registrations shall assume liability.

On February 15, 2008, the Ministry of Construction released the Procedures for Property Registration《房屋登記辦法》. The procedures took effect on July 1, 2008. The Measures on Administration of Urban Houses Registration and the Decisions by the Ministry of Construction to Revise Measures on Administration of Urban Houses Registration were revoked on the same day. The procedures stipulate that in property registrations, the owner of the title to the property shall be the same as the owner of the right to use the land on which the property is erected. The procedures specifically regulate the pre-registration, registration of mortgage rights for construction work in process, registration for maximum mortgage amount, registration of rectification, registration for objection and registration for easement, so as to streamline the procedures of property registrations.

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

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

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

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

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

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

The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area (套型建築面積) of 90 square meters or more, effective on June 1, 2006. See "– Measures on Stabilizing Housing Price" below.

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

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

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

Under the Notice of the People's Bank of China on Adjusting the Housing Credit Policies of Commercial Banks and Deposit Interest Rate of the Excess Part of the Reserve《中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》issued by PBOC on March 16, 2005 and effective from March 17, 2005, the minimum amount of down payment for an individual residence shall be increased from 20% to 30% of the purchase price for properties in cities where the property market is considered to be overheating.

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

On May 26, 2008, the CBRC issued the Notice on Further Strengthening Risk Management of Credit Facilities to the Property Market《中國銀監會關於進一步加強房地產行業授信風險管理的通知》, which required the banks to "carry out strict credit review of property developer and prevent the transfer of risk from property developers". It also stressed to strengthen credit management of property developers pursuant to requirements of the Notice of Strengthening Credit Management on Commercial Properties (《關於加強商業性房地產信貸管理的通知》) (Yin Fa [2007] No.359) and Supplementary Notice of Strengthening Credit Management on Commercial Properties (《關於加強商業性房地產信貸管理的補充通知》) (Yin Fa [2007] No.452).

According to the Supplementary Notice of PBOC and CBRC on Strengthening the Administration of Commercial Real Estate Loans issued in December 2007, the number of loans granted to a borrower shall be determined on the basis of loans granted to the borrower's family (including the borrower, his/her spouse and his/her underage children).

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

On October 22, 2008, PBOC promulgated the Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Commercial Individual Housing Loans《關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》, which provides that, effective from October 27, 2008, the float-down range for interest rate for individual residential mortgage loans is expanded and the ratio of down payments is adjusted. As a result, the minimum interest rate for individual residential mortgage loans is 70% of the benchmark loan interest rate and the minimum down payment ratio is adjusted to 20%.

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

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

On January 7, 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market《關於促進房地產市場平穩健康發展的通知》, provides that families (including the borrowers, their spouses and their children under the age of 18) which have purchased a residential house by the loans and are applying for loans to purchase a second residential house or more residential houses, the down payments of the loans should not be lower than 40%.

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

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

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

On November 2, 2010, MOF, MOHRUD, CBRC and PBOC jointly promulgated the Notice on Regulations of Policies Concerning Personal Housing Provident Fund Loan《關於規範住房公積金個人住房貸款政策有關問題的通知》(Jian Jin (2010) No.179), which provides that only the housing provident fund-paying families whose floor area per capita is less than the local average shall have access to personal housing provident fund loan which is used to purchase the second house, and the loan shall be used to purchase ordinary self-use residential property so as to improve dwelling conditions. Where the personal housing provident fund loan is used to purchase the second house, the down-payment proportion shall not be lower than 50%, and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. In addition, personal housing provident fund loan for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.

On January 26, 2011, the General Office of the State Council issued the Notice on Further Promoting the Adjustment and Control of Real Estate Market《關於進一步做好房地產市場調控工作有關問題的通知》, according to which, the minimum down payment in respect of mortgage loans on purchases of second residential properties by families is increased to 60% of the purchases price and the applicable mortgage rate must be at least 1.1 times of the relevant lending rate published by the PBOC.

REAL ESTATE MANAGEMENT

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

According to the Regulation on Property Management, "property management" includes security, property maintenance, cleaning and so forth. The marketing and operational management of the shopping malls carried out by our Group focused on the overall management of the operation of shopping malls, including identifying the target customers and creating the image of the shopping malls, organizing the marketing campaigns and overseeing the overall operation. As such, the marketing and operational management carried out by our Group does not fall under the scope of the "property management" as defined under the Regulation on Property Management and we are not required to obtain any qualification certificate for our marketing and operational management business.

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

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

Pursuant to the Measures for the Administration of Qualification of Property Management Service Enterprises, the conditions of qualifications of each class of property management enterprises are as follows:

Class 1 qualification: (1) the registered capital shall be not less than RMB5 million; (2) there shall be not less than 30 property management professionals and full-time management and technical personnel in the relevant fields such as engineering, management and economics. At least 20 of them shall possess the intermediate professional qualification or above. Persons-in charge of engineering and finance shall possess corresponding professional qualification or above; (3) property management professionals shall have obtained the vocational qualification certificate in accordance with the relevant provisions of China; (4) the enterprise shall be engaged in the management of at least two types of properties and the sum of the percentages of GFA managed for each type of properties calculated based on the following bases shall not be less than 100%: (a) 2 million sq.m. managed for multi-story residential buildings; (b) 1 million sq.m. for high rise residential buildings; (c) 150,000 sq.m. for detached houses (villas); (d) 500,000 sq.m. for office buildings, industrial premises and other properties; (5) the enterprise shall have established and strictly enforced company policies and standards with respect to service quality and service fees and established the enterprise credit record system, and have proven track record in operation and management.

Class 2 qualification: (1) the registered capital shall be not less than RMB3 million; (2) there shall be not less than 20 property management professionals and full-time management and technical personnel in the relevant fields such as engineering, management and economics. At least 10 of them shall possess the intermediate professional qualification or above. Persons-in charge of engineering and finance shall possess corresponding professional qualification or above; (3) property management professionals shall have obtained the vocational qualification certificate in accordance with the relevant provisions of China; (4) the enterprise shall be engaged in the management of at least two types of properties and the sum of the percentages of GFA managed for each type of properties calculated based on the following bases shall not be less than 100%: (a) 1 million sq.m. managed for multi-story residential buildings; (b) 500,000 sq.m. for high rise residential buildings; (c) 80,000 sq.m. for detached houses (villas); (d) 200,000 sq.m. for office buildings, industrial premises and other properties; (5) the enterprise shall have established and strictly enforced company policies and standards with respect to service quality and service fees and established the enterprise credit record system, and have proven track record in operation and management.

Class 3 qualification: (1) the registered capital shall be not less than RMB500,000; (2) there shall be not less than 10 property management professionals and full-time management and technical personnel in the relevant fields such as engineering, management and economics. At least 5 of them shall possess the intermediate professional qualification or above. Persons-in charge of engineering and finance shall possess corresponding professional qualification or above; (3) property management professionals shall have obtained the vocational qualification certificate in accordance with the relevant provisions of China; (4) the enterprise shall have commissioned property management projects; (5) the enterprise shall have established and strictly enforced company policies and standards with respect to service quality and service fees, and have established the enterprise credit record system.

Pursuant to the Measures for the Administration of Qualification of Property Management Service Enterprises, newly-established property management enterprises shall be granted the lowest qualification (class 3 qualification) with a one-year provisional period.

Pursuant to the Measures for the Administration of Qualification of Property Management Service Enterprises, application of a property management enterprise for the approval of qualification shall not be approved by the qualification approval authorities if such enterprise has carried out any of the following actions within one year before the date of application: (1) engaging any personnel without professional certificate in property management to carry out property management activities; (2) outsourcing all property management businesses in respect of any single property it manages to another party; (3) misappropriating special maintenance funds; (4) changing the use of any premise for property management without approval; (5) changing the use of common facilities and utilities built in accordance with the construction plan within the area of property it manages without approval; (6) occupying or digging roads and sites in the area of property it manages without approval and causing harm to the interest of property owners as a whole; (7) occupying public area and facilities for business operation without approval; (8) failing to hand over the premise for property management and relevant information in accordance with the requirements upon the termination of property management services contract; (9) colluding with tenderee or other bidders for the property management service to win the bid in improper means; (10) failing to perform property according to the services contract and receiving numerous complaints from property owners which were proved to be true; (11) undertaking property management business which falls beyond the permitted scope applicable to the relevant class of qualification; (12) leasing, lending or assigning qualification certificates; and (13) being liable for any major accident.

INSURANCE

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

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

MEASURES ON STABILIZING HOUSING PRICE

The General Office of the State Council promulgated the Notice on Stabilizing Housing Price《關於切實穩定住房價格的通知》in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In April 2005, the Ministry of Construction, NDRC, MOF, MLR, PBOC, SAT and CBRC jointly issued the Opinions on Stabilizing Housing Prices《關於做好穩定住房價格工作的意見》with the following guidance:

- Where the housing price is growing too fast, and the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.

- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high quality housing property construction shall be strictly restricted.

- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual transferring an ordinary residential house after two years from his/her purchase, business tax will be exempted. For an individual transferring a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: a plot ratio of above 1.0, a GFA of one single unit being less than 120 square meters, and the actual transfer price being lower than 120% of the average transfer price of comparable houses at comparable locations. Local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

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

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

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;

- requiring that at least 70% of GFA of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area（套型建築面積）less than 90 square meters per unit (including affordable housing) and that projects which have received project development approvals prior to that date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;

- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the extension of loans and the grant of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

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

- Loan interest rate and down payment ratio granted by the financial institutions to their clients shall be determined based on the following factors: whether or not it is the first time for the borrower to buy the house, whether or not the house is used for self occupancy, whether or not the house type and GFA conform to an ordinary residential house, and other risk factors such as the borrower's credit record and repayment capacity.

- Financial institutions may provide preferential treatments on loan interest rate and down payment ratio to residents for their first purchase of ordinary self-occupied houses and improved ordinary self-occupied houses. For non-self-occupied houses and non-ordinary residential houses, financial institutions may properly raise the loan conditions.

- As to commercial individual housing loans granted, financial institutions shall determine the interest rate for the outstanding portion thereof, in accordance with the applicable provisions of the Notice, on the basis of reasonable assessment of loan risks and according to the original loan contracts. The down payment ratio under the original loan contracts shall remain effective.

- The policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of his/her monthly income remains unchanged.

Pursuant to the Notice of the General Office of the State Council on Issues Concerning 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》dated January 26, 2011, generally, municipalities, provincial capitals and cities with high housing prices will implement purchase restrictions for a specified period. In principle, (i) a local residential family that already owns one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one additional house (including the new commodity residential house or a second hand one); and (ii) a local residential family that owns two or more houses, a non-local residential family that owns one or more houses or a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

On January 27, 2011, MOF and SAT promulgated the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer《關於調整個人住房轉讓營業稅政策的通知》, which provides that, effective from January 28, 2011, if any individual sells residential housing within five years from his purchase, the business tax thereon shall be collected based on the full sales price; if any individual sells non-ordinary residential housing more than five years (including the 5th year) after his purchase, the business tax thereon shall be collected on the basis of the difference between the sales price and the original purchase price; if any individual sells an ordinary housing unit more than five years (including the 5th year) after its purchase, it shall be exempted from business tax.

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

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

- Continuous enforcement of stringent restrictions on commodity housing purchases;

- For cities with soaring house prices, the local branches of the PBOC may further increase the proportion of down payments and interest rates for second-home buyers according to the price control targets and policy requirements for newly-constructed commodity housing of the local governments; and

- The taxation department and the housing and urban-rural development department shall work closely together to impose personal income tax on the sales of self-owned houses. A tax rate of 20% on the proceeds from the transfer shall be strictly levied upon verification of the value of the houses based on tax collection and housing registration data.

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

On March 16, 2011, NDRC promulgated the Regulations on Clear Pricing of Commercial Property《商品房銷售明碼標價規定》(Fa Gai Jia Ge [2011] No.12), effective since May 1, 2011. Property developers and intermediary service providers are required to disclose their pricing standards. Intermediary service providers shall comply with the provisions when selling second-hand properties. The price regulation departments of all levels of government are responsible for the implementation of the provisions in transactions of commercial houses and shall supervise and inspect all property transactions accordingly. Selling prices are required to be disclosed for each of the properties being sold. If prices are determined on the basis of building area or floor area, the building area or floor area are also required to be disclosed. For real estate development projects which has obtained pre-approval or filed for sales of completed units, the property developers shall announce the sale of all the units and the prices within a specified time simultaneously. No additional units can be sold and no additional charges shall be incurred other than those publicly disclosed.

LAWS RELATED TO HOTEL OPERATION

Licensing Requirements for Hotel Operation

(1) License for Special Industry for the Hotel Industry（旅館業特種行業許可證）

Pursuant to the Implementation Rules for the Control of Security in the Hotel Industry in Zhejiang Province《浙江省旅館業治安管理辦法實施細則》promulgated by Zhejiang Provincial Government, which has been effective since February 1, 2006, and the Decision of the State Council on Establishing Administrative License for the Administrative Examination and Approval Items Necessary to be Retained《國務院對確需保留的行政審批項目設定行政許可的決定》, which has been effective since July 1, 2004 and as amended on January 29, 2009, a License for Special Industry shall be obtained from local public security office for engaging in hotel business and the following requirements on public security and fire safety must be complied with:

- requirements on public safety: (i) buildings, fire safety facilities, passageways, gateways and hygiene condition of the hotel shall meet the requirements of relevant laws and regulations; (ii) the hotel shall be equipped with anti-theft facilities; (iii) the hotel shall have individual rooms for guests; and (iv) the hotel shall comply with relevant requirements of public security management system;

- requirements for security personnel: the hotel shall have a security panel or full-time or part-time security guards;

- requirements for security control: (i) the hotel shall exam identification information and make registration of any guest to whom accommodation is provided; (ii) the security guard of the hotel shall be 24 hours on duty; (iii) the hotel shall provide safety deposit boxes or chests or storerooms with designated personnel taking care of guests' property; and (iv) the hotel shall report to the local public security authority if it discovers anyone violating the law.

(2) Health Permit（衛生許可證）

Pursuant to the Regulations on Health Administration in Public Places《公共場所衛生管理條例》, which have been effective since April 1, 1987 and the Implementation Rules for the Regulations on Health Administration in Public Places《公共場所衛生管理條例實施細則》, which have taken effect since May 1, 2011, the operator of a public place shall apply for the health permit from the health administration authority at or above the county level in accordance with relevant requirements before the commencement of operation. Enterprise engaging in hotel business shall fulfill the following public health requirements:

- location, design and decoration of public places shall meet national standards and regulations;

- health management department shall be established or full-time or part-time employees for health management shall be appointed. A sound health management system shall be set up with proper health management filing. Health training system shall also be established;

- ventilation of public places shall be adequate. Indoor air quality shall comply with national standards and requirements. If a public place is equipped with central air conditioning system, the system shall be in compliance with relevant regulations and requirements;

- the quality of drinking water provided to customers shall fulfil national standards. Water quality of swimming pools (pavilions) and public bathing rooms shall meet the national standards and requirements;

- the hotel shall fulfil national standards and requirements regarding illumination and noise level. Public places shall adopt natural light as much as possible. If natural light is insufficient, the operator shall ensure sufficient illumination based on the size of its premises;

- supplies and appliances provided to customers shall be hygienic and safe. Public places shall be equipped with cleaning equipment disinfection equipment sanitary equipment, washrooms and public toilets based on the size of the premises; and

- operator of a public place shall set up a maintenance system for sanitary facilities and equipment. Safe and effective facilities and equipment for preventing and controlling vectors and for refuse disposal shall be equipped.

(3) Food Distribution License（食品流通許可證）

Pursuant to the Law of the People's Republic of China on Food Safety《中華人民共和國食品安全法》, which has been effective since June 1, 2009 and Administrative Measures for Food Distribution License《食品流通許可證管理辦法》, which has been effective since July 30, 2009, any hotel engaging in food distribution shall comply with certain standards, including food safety standards and other requirements for food safety and apply with competent administrative authorities of industry and commerce for food distribution license, and those who fail to obtain such license before their commencement of food distribution business will be subject to confiscation of illegal income, confiscation of operation instrument and products, fines or other administrative penalties.

(4) Catering Service License（餐飲服務許可證）

Pursuant to the Law of the People's Republic of China on Food Safety《中華人民共和國食品安全法》, which has been effective since June 1, 2009, any hotel engaging in catering service shall comply with certain standards, including food safety standards and other requirements for food safety and apply with competent health administrative authority for Catering Service License. Under the Law of the People's Republic of China on Food Safety, the catering service providers who have obtained the catering service license is not required to obtain the food distribution license for selling the food produced by them at their catering service place.

(5) Tobacco Monopoly License for Retail Trade（烟草專賣零售許可證）

Pursuant to the Law of the People's Republic of China on Tobacco Monopoly promulgated by the Standing Committee of the National People's Congress on June 29, 1991, and as amended on August 27, 2009 and December 28, 2013, and the Administrative Measures for Tobacco Monopoly Licenses《烟草專賣許可證管理辦法》promulgated by National Development and Reform Commission on February 5, 2007 and came into force on March 7, 2007, hotels that engages in retail business of tobacco monopoly commodities are required to obtain a Tobacco Monopoly License for Retail Trade.

(6) Urban Drainage License（城市排水許可證）

Pursuant to the Administrative Measures for Urban Drainage License《城市排水許可管理辦法》promulgated by the Ministry of Construction on December 25, 2006, a drainage entity, including entities who drain sewage into the urban drainage pipe network and its facilities due to engaging in lodging and catering, and entertainment business, shall apply for an Urban Drainage License to drain sewage into the urban drainage pipe network and their accessory facilities.

(7) Pollutant Discharge License（污染物排放許可證）

Pursuant to the Law of the People's Republic of China on Water Pollution Prevention《中華人民共和國水污染防治法》, which has been effective since May 11, 1984, and as amended on May 15, 1996, and February 28, 2008 and its implementation rules, and the Administrative Measures for Pollutant Discharge License in Hangzhou《杭州市污染物排放許可管理條例》, which has been effective since June 1, 2008, and as amended on January 23, 2011, in case of new construction, expansion and reconstruction of projects that discharge pollutants to the water body, the relevant enterprise is required to comply with the state regulations concerning administration of construction project environmental protection and make pollutant discharge declaration according to law. In addition, any enterprise that directly or indirectly discharges pollutants to the water body shall apply to the local environment protection authority for the pollutant discharge license for discharge pollutant to the water body.

Environmental Protection

Pursuant to the Law of the People's Republic of China on Promoting Clean Production《中華人民共和國清潔生產促進法》, which came into effect on January 1, 2003, service enterprises such as restaurants, entertainment establishments and hotels are required to use technologies and equipment that conserve energy and water, serve other environmental protection purposes, and reduce or stop the use of consumer goods that waste resources or pollute the environment.

Fire Prevention

Pursuant to the Fire Prevention Law 《中華人民共和國消防法》 promulgated by the Standing Committee of the National People's Congress on October 28, 2008 and came into force on May 1, 2009, and the Provisions on Supervision and Inspection on Fire Prevention and Control《建設工程消防監督管理規定》, adopted by the Ministry of Public Security on April 30, 2009 and revised on July 17, 2012, public gathering places such as hotels shall submit a fire prevention design plan to apply for the completion acceptance of fire prevention facilities for their construction projects and to pass a fire prevention safety inspection by the local public security fire department, which is a prerequisite for opening business.

MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS

1. Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises《中華人民共和國外商投資企業和外國企業所得稅法》enacted by National People's Congress on April 9, 1991 and came into effect on July 1, 1991 and the Implementation Rules of Enterprise Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises《中華人民共和國外商投資企業和外國企業所得稅法實施細則》enacted by the State Council on June 30, 1991 and came into effect on July 1, 1991, the rate of enterprise income tax for foreign investment enterprises and enterprise income tax for entities and premises engaged in production and operation by foreign enterprises in the PRC was 30%, and the rate of local income tax was 3%. The above-mentioned law and rules were repealed by the New EIT Law.

Pursuant to the Provisional Regulations of the PRC on Enterprise Income Tax《中華人民共和國企業所得稅暫行條例》issued by the State Council on December 13, 1993 and enforced on January 1, 1994 and the Implementation Rules of Provisional Regulations of the PRC on Enterprise Income Tax 《中華人民共和國企業所得稅暫行條例實施細則》 enacted by MOF on February 4, 1994, the income tax rate applicable to domestic enterprises other than foreign investment enterprises and foreign enterprises was 33%. The above-mentioned rules were repealed by the New EIT Law as of January 1, 2008.

According to the New EIT Law enacted by the National People's Congress on March 16, 2007 and the Implementation Rules of Enterprise Income Tax Law of the PRC《中華人民共和國企業所得稅法實施條例》 ("**Implementation Rules**") enacted by the State Council on December 6, 2007 (the aforesaid laws and regulation were enforced from January 1, 2008 onwards), a uniform income tax rate of 25% will be applied towards foreign investment enterprise and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises. Under the New EIT Law and its Implementation Rules, enterprises established under the laws of or within the territory of the PRC, or established under the laws of a foreign country (region), but whose "de facto management body" is located in the PRC are treated as resident enterprises for PRC tax purposes. If an entity is treated as a resident enterprise for PRC tax purposes, it will be subject to PRC tax on its worldwide income at the 25% uniform tax rate, which will include any dividend income that the entity receives from its subsidiaries, unless otherwise provided therein. Although the New EIT Law provides that dividend income between qualified resident enterprises is exempted income, it is not clear what is considered as a qualified resident enterprise under the New EIT Law. Furthermore, the New EIT Law and its Implementation Rules provide that withholding tax at a rate of 10% will normally apply to dividends payable to non-PRC investors which are derived from sources within the PRC. Moreover, any gain realised on the transfer of shares by investors will be subject to 10% tax if such gain is regarded as income derived from sources within the PRC. Moreover, according to the Arrangements in respect of Prevention of Double Taxation and Tax Evasion between Hong Kong and PRC《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》("PRC – Hong Kong Tax Treaty"), PRC resident enterprises who distributes dividend to its Hong Kong shareholders shall be subject to enterprise income tax according to the PRC laws, however, if the beneficiary of the dividend is a Hong Kong tax resident who directly hold not less than 25% equity of the aforesaid enterprise (i.e. the dividend distributor), the tax levied shall be 5% of the distributed dividend. If the beneficiary of the dividend is a Hong Kong tax resident who directly holds less than 25% equity of the aforesaid enterprise, the tax levied shall be 10% of the distributed dividend. Furthermore, if the Hong Kong tax resident falls into the following circumstances as prescribed in the Notice Concerning the Meaning and Determination of the Identity of "Beneficial Owner" in Tax Treaties《關於如何理解和認定稅收協定中"受益所有人"的通知》, promulgated by the SAT on October 27, 2009, it may not be deemed as a qualified beneficiary as defined in the PRC-Hong Kong Tax Treaty, and the tax levied will then be 10% of the distributed dividend:

- the Hong Kong tax resident is obligated to pay or distribute all or substantially all (for example more than 60%) of its income to a resident in a third country (region) within the stipulated time (for example within 12 months from the date of receipt of the income).

- apart from holding the property or right derived from the income, the Hong Kong tax resident is not or is barely engaged in any other operating activities.

- the assets, scale and staff allocation of the Hong Kong tax resident is relatively small (or small) and hardly match the amount of income.

- the Hong Kong tax resident has no or almost no right of control or disposal on the income or the property or right derived from the income, and assume little or no risk.

On April 11, 2008, SAT issued the Notice of the Prepayment of Enterprise Income Tax of the Property Developer《關於房地產開發企業所得稅預繳問題的通知》(Guo Shui Han [2008] No.299) (the **"Notice No. 299"**) which were later amended on January 4, 2011, requiring property developers to prepay enterprise income tax by quarter (or month) according to the current actual profit. According to the Notice No. 299, for incomes generated from the pre-sale before completion of the construction of buildings for residential or commercial use or other kinds, the tax prepayments thereof shall be paid upon calculation of the estimated quarterly or monthly profit according to the preset estimated profit rate, which shall be readjusted according to the actual profit after the completion of construction and settlement of the taxable cost.

On March 6, 2009, SAT issued the Notice on the Measures Dealing with Income Tax of Property Developers《房地產開發經營業務企業所得稅處理辦法》effective on January 1, 2008, which specifically stipulates the rules on cost of income, tax dealing of cost deduction, verification of calculated tax cost and other specified items according to the New EIT Law and its Implementation Rules.

On May 12, 2010, the SAT promulgated the Notice on 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》, which provides that a property should be deemed as completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put to use. Property developers should conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

2. 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 came into force on January 1, 1994 and which was later amended on November 10, 2008 and came into force on January 1, 2009 and the Implementation Rules on the Provisional Regulations of the PRC on Business Tax《中華人民共和國營業稅暫行條例實施細則》issued by MOF on December 25, 1993, which was later amended in 2008 and 2011 by MOT and SAT and implemented on November 1, 2011, the tax rate on the transfer of immovable properties, their superstructures and attachments is 5%.

3. Land Appreciation Tax

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》 (the **"Provisional Regulations on Land Appreciation Tax"**) which was enacted on December 13, 1993 and came into force on January 1, 1994 and emended on January 8, 2011, and the Implementation Rules on 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實施細則》(the **"Land Appreciation Tax Implementation Rules"**) which were enacted and came into force on January 27, 1995, 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 level progressive rates: 30% on the appreciation amount not exceeding 50% of the sum of deductible items; 40% on the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% on the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% on the appreciation amount exceeding 200% of the sum of deductible items. Taxpayers who are engaged in real estate development are entitled to an additional 20% deduction on the sum of payment of obtaining land use rights and cost of developing land, new buildings and ancillary facilities (**"Additional Property Development"**). The related deductible items aforesaid include the following:

- amount paid for obtaining the state-owned land use right;
- costs and expenses for development of land;

- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for transfer of property;
- other deductible items as specified by MOF; and
- the sum of payment for Additional Property Development.

According to the requirements of the Land Appreciation Tax Provisional Regulations, the Land Appreciation Tax Implementation Rules and the Notice issued by MOF and SAT in respect of the Levy and Exemption of Land Appreciation Tax for Property Development and Transfer Contracts signed before January 1, 1994《財政部、國家稅務總局關於對一九九四年一月一日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知》 which was promulgated by MOF and SAT on January 27, 1995, land appreciation tax shall be exempted under any one of the following circumstances:

- taxpayers building ordinary standard residential properties (refer to residential properties built in accordance with the local standard for general civilian residential properties, and deluxe apartments, villas and resorts are not under the category of ordinary standard residential properties) for sale, where the appreciation amount does not exceed 20% of the sum of deductible items;
- properties taken over or the state-owned land use rights repossessed which were approved by the government due to city planning and construction requirements of the State;
- due to redeployment of work or improvement of living standard, individuals transfer originally self-used residential property, of where they have been living for five years or more, and after obtaining tax authorities' approval;
- for property transfer contract which were signed before January 1, 1994, whenever the properties are transferred, the land appreciation tax shall be exempted;
- if the property development contracts were signed before January 1, 1994 or the project proposal has been approved and that capital was injected for development in accordance with the conditions agreed, the land appreciation tax shall be exempted if the properties are transferred within five years after January 1, 1994 for the first time. The date of signing the contract shall be the date of signing the sale and purchase agreement. Particular property projects which are approved by the government for the development of the whole piece of land and long-term development, of which the properties are transferred for the first time after the five-year tax-free period, and after auditing has been conducted by the local financial and tax authorities, the tax-free period may be appropriately prolonged, subject to the approval by MOF and SAT.

After the issuance of the Land Appreciation Tax Provisional Regulations and the Land Appreciation Tax Implementation Rules, due to the relatively long period required for real estate development and transfer, many districts, while they were implementing the regulations and rules, did not mandatorily require the property developers to declare and pay the land appreciation tax. Therefore, in order to assist the local tax authorities in the collection of land appreciation tax, MOF, SAT, the Ministry of Construction and MLR had separately and jointly issued several notices to restate the following: after the transfer contact is signed, the taxpayers should declare the tax to the local tax authorities where the properties are located, and pay the land appreciation tax in accordance with the amount as calculated by the tax authority and within the specified time limit. For those who fail to acquire proof of tax payment or tax exemption from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the Realty Title Certificate.

SAT also issued 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》 (Guo Shui Han [2002] No.615) (the **"Notice No. 615"**) on July 10, 2002 to request for local tax authorities to modify the management system of land appreciation tax collection and operation procedures, to build up a proper tax return system for land appreciation tax and to improve the methods of pre-levying tax for the pre-sold properties. Notice No. 615 also pointed out 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 real estate development contracts signed before January 1, 1994 or project proposals that have been approved and capital was injected for development.

SAT issued the Notice in respect of Strengthening the Administration of the Collection of Land Appreciation Tax《關於加強土地增值稅管理工作的通知》on August 2, 2004 and the Notice of 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》(Guo Shui Fa [2004] No.100) (the **"Notice No. 100"**) on August 5, 2004. The aforesaid notices point out that the administration work in relation to the collection of land appreciation tax should be further strengthened. The preferential policy of land appreciation tax exemption for first time transfer of properties under real estate development contracts signed before January 1, 1994 is expired and such tax shall be levied again. Where such taxes were still not levied, the situation should be corrected immediately. Also, the Notice No. 100 required that the system of tax declaration and tax sources registration in relation to the land appreciation tax should be further improved and perfected.

On March 2, 2006, MOF and SAT issued the Notice of Certain Issues Regarding Land Appreciation Tax《關於土地增值稅若干問題的通知》(Cai Shui [2006] No.21) (the **"Notice No. 21"**). Notice No. 21 clarifies relevant issues regarding land appreciation tax as follows:

(1) Tax Collection and Exemption in the Sale of Ordinary Standard Residential Properties Built by Taxpayer

Notice No. 21 sets out the defined standards for ordinary standard residential properties. Where any developers build ordinary standard residential properties as well as other commercial 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 Notice No. 21 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 government of the province, autonomous region or municipality, no adjustment shall be retroactively made.

(2) Advance Collection and Settlement of Land Appreciation Tax

All regions shall further improve the measures for 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（稅收徵管法）and its implementation rules.

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.

On December 28, 2006, SAT issued 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》(Guo Shui Fa [2006] No.187) (the **"Notice No. 187"**) which came into effect on February 1, 2007. Notice No. 187 sets out further provisions concerning the settlement of land appreciation tax by property developers by clarifying details regarding units responsible for settlement of land appreciation tax, requirements, materials to be submitted, auditing and verification, recognition of revenue of indirect sale and self-use properties, deductible items and handling of transfer after tax is imposed and settled. Local provincial tax authorities can formulate their own implementation rules according to the local situation under the requirements of the Notice. The key requirements of the Notice set out as follows:

(1) Settlement of land appreciation tax on a project basis

The settlement of land appreciation tax shall be made for each approved real estate development project. As for a project developed by stages, the settlement shall be made for each stage of the project.

In case a development project comprises both ordinary residence and non-ordinary residence, the added value shall be calculated separately.

(2) Settlement requirements for land appreciation tax

(a) The taxpayer shall settle its land appreciation tax under any of the following circumstances:

- a real estate development project is completed and sold out;
- a real estate development project that has not been completed but it is transferred as a whole;
- the state-owned land use right is transferred.

A taxpayer that falls under the above provisions shall handle the formalities for settlement at the competent tax authority within 90 days from the date that it meets the settlement requirements.

(b) In case of any of the following circumstances, the tax authority may require the taxpayer to settle its land appreciation tax:

- as for a real estate development project completed and accepted, the construction area already transferred makes up to 85% or more of the saleable construction area of the whole project; or if it is below 85%, the remaining saleable construction area has been leased or used for self-purposes;
- the sale is not completed upon the expiration of three years commencing from the day when the sale (pre-sale) permit is obtained;
- the taxpayer has filed an application for writing-off tax registration but has not handled the formalities for settling the land appreciation tax;
- other circumstances as prescribed by the provincial tax authorities.

A taxpayer that falls under the above said provisions shall handle the formalities for settlement within the time limit prescribed by the competent tax authority.

(3) Verification of land appreciation tax collection

Where a property developer is under any of the following circumstances, the tax authority may, by consulting the tax burdens of similar local enterprises in terms of development scale and income level, collect land appreciation tax against it by verification on the basis of the levying rate that is not lower than the advance levying rate:

- it fails to set up book of account in accordance with the provisions of laws and regulations;

- it destroys the book of account without authorisation or refuses to provide the data for tax levy;

- it has established book of account, but the accounting items are confusing, or its cost information, revenue vouchers, and expense vouchers are mutilated and incomplete and it is difficult to determine the transfer or amount under the deductible items;

- it meets the settlement conditions of land appreciation tax, but it fails to go through the settlement formalities within the prescribed time limit, or 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; or

- the taxable basis declared is obviously much lower, and without reasonable ground.

On October 22, 2008, MOF and SAT issued the Notice on 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》 (Cai Shui [2008] No.137) (the "**Notice No. 137**"), according to which land appreciation tax is temporarily exempted for individuals selling houses starting from November 1, 2008.

On May 12, 2009, SAT issued the Notice on Administration and Procedure of the Settlement of Land Appreciation Tax《關於印發<土地增值稅清算管理規程>的通知》(Guo Shui Fa [2009] No.91) (the **"Notice No. 91"**), stipulating the settlement of land appreciation tax on a project basis, settlement requirement for land appreciation tax and verification of land appreciation tax collection.

Further, the Notice No. 91 laid down the specific conditions and key issues for calculation of the deductible expenses when settling land appreciation tax, such as land premium, land requisition fee, common ancillary facility fee and indirect fee.

On May 19, 2010, SAT promulgated the Notice on Issues Regarding Land Appreciation Tax Settlement《關於土地增值稅清算有關問題的通知》, which provides further clarifications and guidelines on settlement of land appreciation tax, income recognition, deductible expenses, timing of assessment and other related issues.

On May 25, 2010, SAT promulgated the Notice on Strengthening the Levy and Administration of Land Appreciation Tax《關於加強土地增值稅徵管工作的通知》which provides that the minimum prepayment rate of land appreciation tax shall be no less than 2% for properties in Eastern China, no less than 1.5% for properties in Central or Northeastern China and no less than 1% for properties in Western China. The prepayment rate of land appreciation tax shall be determined by the local authorities based on different property types in the locality.

4. 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》enacted by the State Council on July 7, 1997 and came into effect 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. The rate of deed tax is 3% to 5%. The government of provinces, autonomous regions and municipalities may, within the foresaid range, determine and report their effective tax rates to MOF and SAT for record.

According to the Notice on Relevant Issues of Deed Tax on Transferring State-Owned Land Use Rights《關於國有土地使用權出讓等有關契稅問題的通知》promulgated by MOF and SAT on August 3, 2004, and the Reply to the Clarification of Deed Tax Calculation Basis For Transferring State-owned Land Use Right《關於明確土地國有土地使用權出讓契稅計稅依據的批復》promulgated by SAT October 27, 2009, the amount of deed tax payable when transferring state-owned land use right is the total economic benefits paid by transferee for obtaining the land use right. The amount of deed tax payable for transfer of state-owned land use right through "public tender, auction or listing for bidding" shall be calculated based on the price of the deal and the transaction development cost of land is non-deductible.

According to Notice No. 137, in addition to the temporary exemption of the land appreciation tax, the following policies were implemented in order to encourage first-time purchases of ordinary residential properties:

- temporarily decrease the property deed tax to 1% of the sale price of a property for first-time purchases by individuals of ordinary residential properties with a GFA of 90 sq.m. or below (this provision was abolished by the Notice No 94 was described below);
- temporarily cease to levy stamp duty on residential properties sold or purchased by individuals;

On September 29, 2010, MOF, SAT and MOHURD jointly issued 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稅個人所得稅優惠政策的通知》

(Cai Shui [2010] No.94) (the **"Notice No. 94"**). According to the Notice No. 94, 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.

5. Stamp Duty

Under the Provisional Regulations of the PRC on Stamp Duty《中華人民共和國印花稅暫行條例》enacted by the State Council on August 6, 1988 and which came into force on October 1, 1988 and as amended in January 2011, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including Realty Title Certificates and Land Use Rights Certificates, stamp duty shall be levied on an item basis of RMB5 per item.

6. Urban land use tax

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas《中華人民共和國城鎮土地使用稅暫行條例》promulgated by the State Council on September 27, 1988, implemented from November 1, 1988, amended on December 31, 2006 and January 8, 2011, land use tax in respect of urban land is levied according to the area of relevant land. As of January 1, 2007, the annual tax on every square meter of urban land collected from foreign-invested enterprises shall be between RMB0.6 and RMB30.0.

7. Urban Maintenance and Construction Tax

Under 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 and as ended on January 8, 2011, 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》(Guo Fa [2010] No.35) ("**Notice No. 35**") promulgated by the State Council on October 18, 2010, the Provisional Regulations of the PRC on Urban Maintenance and Construction Tax issued by the State Council in 1985 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.

8. Education Surcharge

Under the Provisional Provisions on Imposition of Education Surcharge《徵收教育費附加的暫行規定》enacted by the State Council on April 28, 1986 and revised on June 7, 1990 and August 20, 2005, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge, 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 Notice No. 35 and Provisional Provisions on Imposition of Education Surcharge issued by the State Council in 1986 shall be applicable to foreign invested enterprises, foreign enterprises and foreign individuals from December 1, 2010. Regulations, rules and policies in respect of education surcharge issued by the State Council as well as finance and tax department of State Council since 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange. The SAFE, under the authority of PBOC, is competent authority for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

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

On January 1, 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, determined by demand and supply of Renminbi. Pursuant to such system, the PBOC set and published the daily Renminbi-US dollar exchange rate. Such exchange rate is determined with reference to the transaction price for Renminbi-US dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks might, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

According 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》(the **"Control of Foreign Exchange Regulations"**) which was promulgated by the State Council on January 29, 1996 and amended on August 5, 2008, all international payments and transfers were classified into current account items and capital account items. Current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations was subsequently amended on January 14, 1997 and August 5, 2008. Such amendments affirm that 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 sale of foreign exchange, approvals of foreign exchange control authorities are required, except as otherwise permitted by the state.

On June 20, 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange 《結匯、售匯及付匯管理規定》 (the **"Settlement Regulations"**) which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises《外商投資企業實行銀行結售匯工作實施方案》. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks. On April 13, 2006, the PBOC promulgated the Announcement [2006] No.5 (中國人民銀行公告 [2006] 第5號). This announcement provides that the system for opening, amending and closing current account-related foreign exchange accounts by enterprises shall be changed from one requiring advance examination and approval to one in which matters shall be handled directly by banks in line with foreign exchange control requirements and commercial practice and reported to the foreign exchange bureau for its records. The limits on current account-related foreign exchange accounts of enterprises shall be increased. On the same day, SAFE issued the Notice on Adjusting the Policies Concerning the Administration of Current Foreign Exchange Accounts《關於調整經常項目外匯管理政策的通知》 (Hui Fa [2006] No.19) (the **"Notice No. 19"**). Notice No. 19 abolished the advance examination for opening of current account-related foreign exchange accounts and improved the limits on current account-related foreign exchange accounts.

On October 25, 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business 《關於停辦外匯調劑業務的通知》, pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On July 21, 2005, PBOC announced that, beginning from July 21, 2005, the PRC would implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. PBOC will announce the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that required PRC residents to register with and receive approvals from SAFE in connection with their offshore investment activities. SAFE also announced that the purpose of these regulations was to achieve the proper balance of foreign exchange and the standardisation of all cross-border flows of funds.

On October 21, 2005, SAFE issued 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》(Hui Fa [2005] No. 75) (the **"Notice No. 75"**) which became effective as of November 1, 2005. Notice No. 75 replaced the two regulations issued by SAFE in January and April 2005 mentioned above. According to Notice No. 75, a "special purpose company" refers to an offshore company directly established or indirectly controlled by a domestic resident legal person or domestic resident natural person for the purpose of undertaking equity financing (including convertible bond financing) abroad with the enterprise assets or rights and interests it/he holds inside PRC. Prior to establishing or assuming control of such 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. Notice No. 75 applies retrospectively. As a result, PRC residents who have established or acquired control of such offshore companies that have made onshore investments in the PRC in the past are required to complete the relevant overseas investment foreign exchange registration procedures by March 31, 2006.

On September 1, 2006, SAFE and the Ministry of Construction jointly issued the Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Real Estate Market《關於規範房地產市場外匯管理有關問題的通知》) (Hui Fa [2006] No. 47) (the **"Notice No. 47"**). Notice No. 47 provides: (i) where a foreign-invested real estate enterprise fails to pay the registered capital in full or to acquire a State-owned Land Use Right Certificate or to make its capital fund for a development project reach 35% of the total investment to the project, the foreign exchange bureau will not handle its foreign debt registration or approve the conversion of foreign debt; (ii) where a foreign organisation or individual acquires a domestic real estate 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 real estate 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 real estate development or operation. Notice No. 47 also provides for a foreign exchange working process related to branches of overseas institutions established within the PRC, overseas individuals, Hong Kong, Macao or Taiwan residents and overseas Chinese purchasing or selling commodity properties within the PRC.

On December 25, 2006, PBOC promulgated the Measures for the Administration of Individual Foreign Exchange《個人外匯管理辦法》. The measures use category administration to classify the individual foreign exchange operations as domestic and overseas by participants in the transaction, and current accounts and capital accounts by the nature of the transaction. The measures set the annual total amount of foreign exchange for settlement of individuals, and for purchase of foreign exchange by domestic individuals, and provide different procedures for individuals who sell over the annual total amount and domestic individuals who purchase foreign exchange over the annual total amount according to current accounts items and capital accounts items.

On January 5, 2007, SAFE promulgated the Detailed Rules for the Implementation of the Measures for the Administration of Individual Foreign Exchange《個人外匯管理辦法實施細則》(the **"Detailed Rules"**). The Detailed Rules provide, amongst other matters, that (i) the annual total amount of foreign exchange for settlement of individuals and for purchase of domestic individuals is USD50,000; (ii) domestic individuals who engage in external direct investment satisfying the relevant rules shall not only get approval from the foreign exchange bureau, but also complete the overseas investment foreign exchange registration procedures before they can purchase foreign exchange or remit with their own foreign exchange. (iii) domestic individuals can engage in financial investment such as overseas fixed-revenue right-interest, etc. through qualified domestic institutional investors such as banks and fund management companies; (iv) in case domestic individuals engage in such foreign exchange operations as an employee stock ownership plan of an overseas listed company or subscription option program, they can only deal with such options after completing registration with the foreign exchange bureau through their company or domestic agency institutions; and (v) the administration of foreign exchange on, among other matters, overseas loans, debts and guarantees for domestic individuals will be gradually opened.

On August 29, 2008, SAFE issued the Notice of the General Bureau of SAFE on Relevant Business Operations Issues Concerning Improving the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-funded 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》(Hui Zong Fa [2008] No.142) (the **"Notice No. 142"**). According to Notice No. 142, a foreign-funded 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 real estate for any purpose other than its own use, unless the enterprise is a foreign-funded real estate enterprise.

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

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

CIVIL AIR DEFENCE 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》and Measures of the Development and Utilization of Civil Air Defense Construction during the peacetime《人民防空工程平時開發利用管理辦法》. According to such laws and regulations, basements that will be used for air defense in time of war shall be constructed in new buildings of cities for civil 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 entitle 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.

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 State 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 State 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.

HISTORY AND BUSINESS DEVELOPMENT

We are members of the Zhong An Group. Zhong An, the shares of which have been listed on the Main Board of the Stock Exchange since November 2007, is the holding company of the Zhong An Group which principally engages in four principal business segments, namely (i) property development; (ii) property leasing; (iii) hotel operation; and (iv) property management. Its property development portfolio, prior to the Spin-off, includes both residential and commercial properties. Zhong An operates its commercial properties development and investment business, with principal focus in the Yangtze-River Delta Region, through our Group.

Our business commenced in 1997 when Zhejiang Zhong An was established in Zhejiang Province, the PRC. Mr. Shi was appointed the chairman of the board of directors and the general manager of Zhejiang Zhong An from the date of its establishment by the then two shareholders of Zhejiang Zhong An. Hangzhou Xiaoshan Yunzhongxia Decoration Co., Ltd.*（杭州蕭山雲中霞裝飾有限公司）(“Xiaoshan Yunzhongxia”) held 45% equity interest in Zhejiang Zhong An. The then ultimate beneficial owner of Xiaoshan Yunzhongxia was Mr. Shi Zhong Xiao, who was Mr. Shi’s brother and was then a director of Zhong An Property Development Xiaoshan. The balance of the equity interest in Zhejiang Zhong An was held by a company owned as to 95% by Independent Third Parties and as to 5% by Xiaoshan Yunzhongxia. As the two shareholders of Zhejiang Zhong An wanted to dispose of their respective equity interests in Zhejiang Zhong An, Mr. Shi acquired these equity interests from the two shareholders at a consideration that was equal to, and determined on the basis of, their respective contributions to the registered capital of Zhejiang Zhong An with his own resources. Mr. Shi then became a controlling shareholder of Zhejiang Zhong An in May 2000.

We are a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region. Our business comprises of three main areas: (i) sale of properties, that is primarily the development of commercial properties for sale, namely offices, retail units and serviced apartments; (ii) property leasing and property management, that is the development, leasing and management of commercial properties, with a focus on integrated commercial complexes; and (iii) hotel operation, that is the investment in and operation of hotels. As of December 31, 2013, we had a total of eight completed projects, five projects under development, three projects held for future development, four projects contracted to be acquired and units in two completed buildings, and these projects and buildings are in Jiangsu Province, Shanghai and Zhejiang Provinces. In future, we will also expand into the business of land development in different towns and counties in the PRC, which includes, among others, master site planning, expropriation of land, demolition and resettlement, public facilities and amenities construction (such as roads and pipe network connections), by entering into cooperation agreements with local government authorities in the PRC. Furthermore, to capture business and development opportunities arising from the continuing urbanization in the PRC, we may also expand into other town and county urbanization-related businesses and services, which include, among others, the modernization of the agricultural industry, supply of agricultural products and the provision of elderly management services. Please refer to the sections headed “Business – Recent Developments” and “Business – Land Development” in this prospectus for further details.

Our business and corporate milestones are set out below. For further details regarding changes in shareholdings in our Company and other Group companies, please refer to Appendix V in this prospectus.

Milestones

The following events are the key corporate and business development milestones of our Group:

December 1997	Zhejiang Zhong An, the first member of the Zhong An Group, was established in Zhejiang Province, the PRC. Zhejiang Zhong An is the project company for Highlong Plaza (恒隆廣場), Integrated Service Center (綜合服務中心) and Landscape Garden (山水苑) (residential development project with ancillary shops in commercial nature) in respect of commercial properties.
October 1998	Completed construction of our first project, Guomao Building (國貿大廈), a 15-storey commercial building with a retail units and two economy hotels, which is located in the commercial center of Xiaoshan district of Hangzhou.
November 2000	Zhejiang Zhong An obtained the right to develop Highlong Plaza, the first integrated commercial complex development in Xiaoshan district of Hangzhou. This is a large-scale integrated commercial development which includes Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) hotel, three buildings for offices and serviced apartments, a shopping mall, offices and underground car parking spaces. Highlong Plaza overlooks Xiaoshan Central Park and is adjacent to Xiaoshan People's Square in the new civic and business center of the city.
August 2005	Completed construction of Integrated Service Center. This is a seven-storey building, which consists of a hotel, retail units and offices. It is located in the old town area of Xiaoshan district of Hangzhou.
September 2005	Establishment of Highlong Commercial Buildings that provides operation and management services for commercial projects.
December 2007	Highlong Plaza and the Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) in this development project commenced operation.
August 2009	Construction of Plot A3 of International Office Center commenced.
April 2010	Construction of Hidden Dragon Bay commenced. Hidden Dragon Bay is a high-end commercial project in Wenyan Town, Xiaoshan District, Hangzhou. This project includes leisure mansions, serviced apartments, a shopping mall, street shops and car parking spaces.

October 2010	Presale of Hidden Dragon Bay commenced.
July 2012	Construction of Zhong An Times Square (Phase II) commenced. This is a large scale integrated commercial – residential complex development in Yuyao, Zhejiang Province. This project includes a hotel, office buildings, a shopping mall, residential apartments and underground car parking spaces. Construction is expected to be completed in around November 2015.
December 2012	As of December 31, 2012, the serviced apartments of Phase A3 of the International Office Center were under construction. This project is a large-scale integrated commercial complex which consists of Phases A1, A2 and A3 and is located in Qianjiang Century City, Xiaoshan District, Hangzhou. It includes a hotel, offices, a shopping mall, serviced apartments and underground car parking spaces. The construction of Plots A1 and A2 which consists of the retail units, offices, hotel and shopping mall are expected to commence in June 2014 and to be completed in December 2017.
April 2013	Completed construction of the whole project of Hidden Dragon Bay.
November 2013	Entered into cooperation agreements with local government authorities in the PRC for land development in different towns and counties in the PRC in the future.
April 2014	Entered into the Town Urbanization MOUs and the China Development Bank Cooperation Agreement for expansion into urbanization related businesses and services in the future.

ESTABLISHMENT AND MAJOR CHANGES CONCERNING OUR COMPANY, PRINCIPAL OPERATING SUBSIDIARIES AND JOINT VENTURE

During the Track Record Period, the principal business of our Group had been operated under 15 principal operating subsidiaries and one joint venture of our Company. The establishments and major changes concerning our Company and these principal operating subsidiaries and joint venture are set out below.

Incorporation and change in issued share capital of our Company

Our Company was incorporated on July 2, 2013 as part of the Reorganization. On July 2, 2013, one subscriber Share was issued, nil paid, by our Company to Sharon Pierson which was transferred on the same date to Zhong An at nil consideration. On the same date, a total of 999,999 Shares were allotted and issued, nil-paid, by our Company to Zhong An.

On February 24, 2014, Zhong An transferred the 1,000,000 nil paid Shares then held by Zhong An to Ideal World at nil consideration. As a result, the entire issued share capital of our Company was wholly owned by Ideal World.

Establishment and major changes concerning our principal operating subsidiaries and one joint venture of our Company which are established in the PRC

(1) Chunan Minfu

Chunan Minfu is a limited liability company invested by foreign invested enterprise established under the laws of the PRC on October 24, 2003. It is principally engaged in tourism development which includes property development, and is the project company for the Hangzhou Qiandao Lake Run Zhou Resort Hotel. Since its establishment and up to the Latest Practicable Date, the registered capital in Chunan Minfu amounted to RMB6 million.

From its establishment and up to April 26, 2004, Chunan Minfu was owned as to 70% by China Minfu Charity Business Development Co., Ltd.* (中國民福公益事業發展公司) ("Charity Business") and as to 30% by Zhejiang Twenty-First Century Investment Co., Ltd.* (浙江二十一世紀投資有限公司) ("Twenty-First Century"). With effect from April 26, 2004, Civil Administration Services Bureau of the PRC* (中華人民共和國民政部機關服務局) ("Civil Administration Bureau") acquired 70% equity interest in Chunan Minfu from Charity Business. With effect from March 30, 2007, Mr. Fang Guo Tian (方國田) acquired 10% equity interest in Chunan Minfu from Civil Administration Bureau, and Twenty-First Century acquired 60% equity interest in Chunan Minfu from Civil Administration Bureau, as a result of which Twenty-First Century became the owner of 90% equity interest in Chunan Minfu, while the remaining 10% equity interest was owned by Mr. Fang Guo Tian.

On August 15, 2008, Zhejiang Zhongyu Real Estate Co Ltd.* (浙江中譽置業有限公司) ("Zhejiang Zhongyu") entered into equity transfer agreements with each of Mr. Fang Guo Tian and Twenty-First Century pursuant to which Zhejiang Zhongyu agreed to acquire from Mr. Fang Guo Tian his entire equity interest in Chunan Minfu, and 25% equity interest in Chunan Minfu from Twenty-First Century. With effect from September 18, 2008, Chunan Minfu was owned as to 65% by Twenty-First Century and as to 35% by Zhejiang Zhongyu.

On January 21, 2009, Zhejiang Zhongyu and Twenty-First Century entered into an equity transfer agreement, pursuant to which Zhejiang Zhongyu agreed to acquire from Twenty-First Century its 40% equity interest in Chunan Minfu. With effect from January 22, 2009, Chunan Minfu was owned as to 75% by Zhejiang Zhongyu and as to 25% by Twenty-First Century.

On September 15, 2009, Zhejiang Zhongyu and Twenty-First Century entered into an equity transfer agreement, pursuant to which Zhejiang Zhongyu agreed to acquire from Twenty-First Century the remaining 25% equity interest in Chunan Minfu. With effect from September 17, 2009, Chunan Minfu became wholly owned by Zhejiang Zhongyu.

In order for us to acquire and invest in Hangzhou Qiandao Lake Run Zhou Resort Hotel, on August 19, 2009, Hangzhou Huihong, our indirect wholly owned subsidiary, entered into an equity transfer agreement with Zhejiang Zhongyu, which is an Independent Third Party, pursuant to which Hangzhou Huihong agreed to acquire from Zhejiang Zhongyu the entire equity interest in Chunan Minfu for cash at the consideration of RMB215 million. Such consideration was determined between the parties on an arm's length basis with reference to the then net book value of Chunan Minfu and the related expenses on the transfer of land. The final balance of which was settled on December 31, 2010. The acquisition was completed and became effective on September 24, 2009 and, since then, Chunan Minfu has been wholly owned by Hangzhou Huihong.

Charity Business, Twenty-First Century, Mr. Fang Guo Tian and Zhejiang Zhongyu were all Independent Third Parties.

(2) Hangzhou Fukai Management

Hangzhou Fukai Management is a limited liability company established under the laws of the PRC on March 2, 2011. It is an investment holding company, and is the project company for Xihu Guomao Center. Its equity interest has been wholly owned by Highlong Commercial Buildings, an indirect non-wholly owned subsidiary of our Company, since its establishment. Since its establishment and up to the Latest Practicable Date, the registered capital in Hangzhou Fukai Management amounted to RMB500,000.

(3) Hangzhou Xiaoshan Holiday Inn

Hangzhou Xiaoshan Holiday Inn is a limited liability company established under the laws of the PRC on May 28, 2007. It is principally engaged in hotel management. Since its establishment and up to the Latest Practicable Date, the registered capital in Hangzhou Xiaoshan Holiday Inn amounted to RMB10 million.

At the time of its establishment, Hangzhou Xiaoshan Holiday Inn was owned as to 90% by Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary) and as to 10% by Hangzhou Xiaoshan Guomao Building Co., Ltd.*（杭州蕭山國貿大厦有限公司）(“Xiaoshan Guomao”), an Independent Third Party. To achieve full control and increase its equity interest in Hangzhou Xiaoshan Holiday Inn, on July 6, 2007, Zhejiang Zhong An entered into an equity transfer agreement with Xiaoshan Guomao pursuant to which Zhejiang Zhong An agreed to acquire from Xiaoshan Guomao its entire equity interest in Hangzhou Xiaoshan Holiday Inn for cash at the consideration of RMB1 million. Such consideration was determined between the parties on an arm’s length basis with reference to the registered capital then owned by Xiaoshan Guomao, and was settled on December 31, 2007. The acquisition was completed and became effective on 17 July 2007, and, since then, Hangzhou Xiaoshan Holiday Inn became wholly owned by Zhejiang Zhong An.

As part of our Reorganization, Zhejiang Zhong An has undergone a demerger and, immediately following completion of the demerger of Zhejiang Zhong An, its entire equity interest in Hangzhou Xiaoshan Holiday Inn was allocated to Zhong An Shenglong on September 27, 2013. Following such change and as of the Latest Practicable Date, Hangzhou Xiaoshan Holiday Inn was an indirect non-wholly owned subsidiary of our Company and was wholly owned by Zhong An Shenglong. Please refer to paragraph headed “The Reorganization” in this section for further information on the demerger of Zhejiang Zhong An.

(4) Hangzhou Zheng Jiang

Hangzhou Zheng Jiang is a limited liability company established under the laws of the PRC on March 16, 2006. It is principally engaged in property development and property leasing, and is the project company for Hidden Dragon Bay. At the time of its establishment, the registered capital in Hangzhou Zheng Jiang amounted to RMB10 million.

From its establishment and up to January 4, 2008, Hangzhou Zheng Jiang was owned as to 90% by Zhejiang Shiwai Taoyuan Travel Agency Co., Ltd.*（浙江世外桃源旅游有限公司）("Shiwai Taoyuan") and as to 10% by Ms. Hua Wei Juan（華偉娟）. On November 30, 2007, Shanghai Renhao Arts & Crafts Co., Ltd.*（上海仁豪工藝品有限公司）("Shanghai Renhao") entered into equity transfer agreements with each of Shiwai Taoyuan and Ms. Hua Wei Juan, pursuant to which Shanghai Renhao agreed to acquire from Shiwai Taoyuan its entire equity interest in Hangzhou Zheng Jiang, and 10% equity interest in Hangzhou Zheng Jiang from Ms. Hua Wei Juan. With effect from January 4, 2008, Hangzhou Zheng Jiang was wholly owned by Shanghai Renhao.

Shiwai Taoyuan, Ms. Hua Wei Juan and Shanghai Renhao were all Independent Third Parties.

In order for us to acquire and invest in Hidden Dragon Bay, on January 8, 2008, Hangzhou Danube, a member of the Remaining Zhong An Group, entered into equity transfer agreement with Shanghai Renhao, pursuant to which Hangzhou Danube agreed to acquire from Shanghai Renhao the entire equity interest in Hangzhou Zheng Jiang. With effect January 9, 2008, Hangzhou Zheng Jiang became wholly owned by Hangzhou Danube.

On March 26, 2008, it was resolved by the shareholder's resolution of Hangzhou Zheng Jiang to increase the registered capital of Hangzhou Zheng Jiang from RMB10 million to RMB20 million by way of additional cash contribution as to RMB5 million by Hangzhou Dehong, an indirectly wholly owned subsidiary of our Company, and as to RMB5 million by Zejun Information Technology (Hangzhou) Co., Ltd*（澤駿信息技術(杭州)有限公司）("Zejun Information"), a company previously wholly-owned by Huijun International prior to the merger of Zejun Information with Henlly Enterprise as referred to in sub-paragraph (5) below. Such capital increase was approved by the Hangzhou Industry and Commerce Bureau Xiaoshan branch*（杭州市工商局蕭山分局）("Xiaoshan ICB") and became effective on April 25, 2008.

To achieve full control and increase its equity interest in Hangzhou Zheng Jiang, on September 15, 2008, Hangzhou Danube entered into equity transfer agreement with Zejun Information pursuant to which Hangzhou Danube agreed to acquire from Zejun Information the entire equity interest in Hangzhou Zheng Jiang for cash at the consideration of RMB5 million. Such consideration was determined between the parties on an arm's length basis with reference to the registered capital then owned by Zejun Information, and was settled on September 23, 2008. The acquisition was completed and became effective on September 22, 2008, and Hangzhou Zheng Jiang became owned 75% by Hangzhou Danube and 25% by Hangzhou Dehong.

Pursuant to the shareholders' resolution of Hangzhou Zheng Jiang passed on August 10, 2010, the registered capital of Hangzhou Zheng Jiang was further increased from RMB20 million to RMB50 million by additional cash contribution for an aggregate sum of RMB30 million, to be contributed by the then shareholders proportional to their then respective shareholding. Such increase in registered capital was approved by the Xiaoshan ICB and became effective on August 18, 2010.

As part of our Reorganization, Hangzhou Danube transferred its 75% equity interest in Hangzhou Zheng Jiang to Zhejiang Zhong An on April 22, 2013, and Zhejiang Zhong An has undergone a demerger thereafter. Immediately following completion of the demerger of Zhejiang Zhong An, its 75% equity interest in Hangzhou Zheng Jiang was allocated to Zhong An Shenglong on September 27, 2013. Following such change and as of the Latest Practicable Date, Hangzhou Zheng Jiang was an indirect non-wholly owned subsidiary of our Company and was owned as to 75% by Zhong An Shenglong and as to 25% by Hangzhou Dehong. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An.

(5) Henlly Enterprise

Henlly Enterprise is a wholly foreign owned enterprise established under the laws of the PRC on December 4, 2006. It is principally engaged in property development and is the project company for the International Office Center. At the time of the establishment, Henlly Enterprise's registered capital amounted to US$29.8 million, and was wholly owned by Ideal World, a Controlling Shareholder of our Company.

On December 20, 2006, it was resolved by the shareholder's resolution of Henlly Enterprise to increase the registered capital of Henlly Enterprise from US$29.8 million to US$50 million by way of additional cash contribution by Ideal World. Such capital increase was approved by the Hangzhou Industry and Commerce Bureau*（杭州市工商局）("Hangzhou ICB") and became effective on February 2, 2007.

On September 17, 2008, it was resolved by the shareholder's resolution of Henlly Enterprise to merge Henlly Enterprise with Zejun Information by way of absorption of the entire assets and liabilities of Zejun Information and the registered capital of Henlly Enterprise was then increased from US$50 million to US$79.8 million following such merger. Such merger was approved by the Xiaoshan ICB and became effective on January 9, 2009. Following such merger, Henlly Enterprise became 62.66% owned by Ideal World, a Controlling Shareholder and as to 37.34% owned by Huijun International, a direct wholly owned subsidiary of our Company.

On 13 September 2012, it was resolved by the shareholders' resolution of Henlly Enterprise to increase the registered capital of Henlly Enterprise from US$79.8 million to US$99.8 million, to be contributed by the shareholders proportional to their respective shareholding. Such capital increase was approved by the Xiaoshan ICB and became effective on March 25, 2013.

On February 14, 2014, it was resolved by the shareholders' resolution of Henlly Enterprise to increase the registered capital of Henlly Enterprise from US$99.8 million to approximately US$149.1 million, to be contributed by Ideal World. Such capital increase was approved by Xiaoshan ICB and became effective on March 11, 2014. Following such increase in registered capital, Henlly Enterprise became 75% owned by Ideal World, a Controlling Shareholder and as to 25% by Huijun International, a wholly owned subsidiary of our Company.

As part of our Reorganization, our Company acquired from Ideal World its 75% equity interest in Henlly Enterprise on March 18, 2014. Following such change and as of the Latest Practicable Date, Henlly Enterprise was a wholly owned subsidiary of our Company and was owned as to 75% by our Company and as to 25% by Huijun International. Please refer to paragraph headed "The Reorganization" in this section for further information on the acquisition of Henlly Enterprise.

(6) Highlong Commercial Buildings

Highlong Commercial Buildings is a limited liability company established under the laws of the PRC on September 20, 2005. It is principally engaged in property leasing, and provides Overall Management Services for our commercial projects. As the time of its establishment and as of the Latest Practicable Date, the registered capital of Highlong Commercial Buildings amounted to RMB2 million.

At the time of its establishment, Highlong Commercial Buildings was owned as to 90% by Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary) and 10% by Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）, a member of the Remaining Zhong An Group.

As part of our Reorganization, Zhejiang Zhong An has undergone a demerger and, immediately following completion of the demerger of Zhejiang Zhong An, its 90% equity interest in Highlong Commercial Buildings was allocated to Zhong An Shenglong on September 27, 2013. On November 27, 2013, Zhong An Shenglong acquired from Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）its 10% equity interest in Highlong Commercial Buildings. Following such change and up to the Latest Practicable Date, Highlong Commercial Buildings was an indirect non-wholly owned subsidiary of our Company and was owned as to 100% by Zhong An Shenglong. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An and the acquisition of the minority interest in Highlong Commercial Buildings.

(7) Huijun Property

Huijun Property is a sino-foreign equity joint venture established under the laws of the PRC on April 1, 2005. It is principally engaged in property development and is the project company for the White Horse Noble Mansion. At the time of its establishment, Huijun Property's registered capital amounted to US$23.8 million, and was owned as to 51% by

Hangzhou Jiayuan Real Estate Development Co., Ltd* (杭州佳苑房地產開發有限公司) ("Hangzhou Jiayuan"), an Independent Third Party, and 49% by Huijun International, a direct wholly owned subsidiary of our Company.

Due to Hangzhou Jiayuan's inability to pay up its capital contribution in time, and to acquire and invest in White Horse Noble Mansion, on June 6, 2005, Huijun International and Hangzhou Jiayuan entered into a capital contribution transfer agreement, pursuant to which Hangzhou Jiayuan agreed to transfer its 48% equity interest in Huijun Property to Huijun International at nil consideration. Such transfer was completed and became effective on June 10, 2005. Following such change, Huijun Property was owned as to 97% by Huijun International and as to 3% by Hangzhou Jiayuan.

On July 31, 2006, it was resolved by the shareholder's resolution of Huijun Property to increase the registered capital of Huijun Property from US$23.8 million to US$28.8 million by way of additional cash contribution, to be contributed by the then shareholders proportional to their then respective shareholding. Such increase in registered capital was approved by the Hangzhou ICB and became effective on December 1, 2006.

To achieve full control and increase its equity interest in Huijun Property, on July 3, 2007, White Horse Property Development, an indirect non-wholly owned subsidiary of our Company, entered into an equity transfer agreement with Hangzhou Jiayuan, pursuant to which White Horse Property Development agreed to acquire from Hangzhou Jiayuan its 3% equity interest in Huijun Property for cash at a consideration of US$864,000. Such consideration was determined with reference to the registered capital then owned by Hangzhou Jiayuan and was payable on or before July 13, 2007. Such acquisition was approved by the Hangzhou ICB and was completed and became effective on September 27, 2007, and Huijun Property became an indirect non-wholly owned subsidiary of our Company, and was owned as to 97% by Huijun International and 3% by White Horse Property Development.

On November 15, 2007, it was resolved by the shareholders' resolution of Huijun Property to increase the registered capital of Huijun Property from US$28.8 million to US$77.6 million by additional cash contribution for an aggregate sum of US$48.8 million, to be contributed by the then shareholders proportional to their then respective shareholding. Such increase in registered capital was approved by the Hangzhou ICB and became effective on December 26, 2007.

(8) Jiangsu Jiarun (joint venture of our Company)

Jiangsu Jiarun is a limited liability company established under the laws of the PRC on September 9, 2011 and a joint venture of our Company. It is principally engaged in property development, and is the project company for Jia Run Square. At the time of its establishment and as of the Latest Practicable Date, its equity interest had been wholly owned by Jiangsu Xiezhong. At the time of its establishment, the registered capital in Jiangsu Jiarun amounted to RMB20 million.

On December 27, 2012, it was resolved by the shareholder's resolution of Jiangsu Jiarun to increase the registered capital from RMB20 million to RMB66 million by way of additional cash contribution by Jiangsu Xiezhong. Such increase in registered capital was approved by Suzhou Industrial District Industry and Commerce Bureau*（蘇州工業園區工商局）("Suzhou ICB") and became effective on January 16, 2013.

On January 20, 2013, it was resolved by the shareholder's resolution of Jiangsu Jiarun to increase the registered capital from RMB66 million to RMB70 million by way of additional cash contribution by Jiangsu Xiezhong. Such increase in registered capital was approved by Suzhou ICB and became effective on January 25, 2013.

On March 6, 2013, it was resolved by the shareholder's resolution of Jiangsu Jiarun to further increase the registered capital of Jiangsu Jiarun from RMB70 million to RMB100 million by way of additional cash contribution by Jiangsu Xiezhong. Such increase in registered capital was approved by Suzhou ICB and became effective on March 19, 2013.

(9) Shanghai Zhong An Property Development

Shanghai Zhong An Property Development is a limited liability company established under the laws of the PRC on January 19, 2004. It is principally engaged in property leasing, and is the project company for La Vie. At the time of its establishment, the registered capital in Shanghai Zhong An Property Development amounted to RMB10 million, and was owned as to 51% by Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary) and 49% by Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）, a member of the Remaining Zhong An Group.

As part of our Reorganization, Zhejiang Zhong An has undergone a demerger and, immediately following completion of the demerger of Zhejiang Zhong An, its 51% equity interest in Shanghai Zhong An Property Development was allocated to Zhong An Shenglong on October 10, 2013. On November 21, 2013, Zhong An Shenglong acquired from Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）its 49% equity interest in Shanghai Zhong An Property Development. Following such change and as of the Latest Practicable Date, Shanghai Zhong An Property Development was an indirect non-wholly owned subsidiary of our Company and was owned as to 100% by Zhong An Shenglong. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An and the acquisition of the minority interest in Shanghai Zhong An Property Development.

(10) White Horse Property Development

White Horse Property Development is a limited liability company established under the laws of the PRC on June 27, 2002. It is principally engaged in property development and is the project company for the New White Horse Apartments. At the time of its establishment, the registered capital in White Horse Property Development amounted to RMB10 million, and was owned as to 50% by Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary), as to 30% by Zhejiang Mingri Real Estate Ltd*（浙江明日房地產有限公司）("Zhejiang Mingri"), an Independent Third Party, and as to 20% by Zhejiang Jinling Real Estate Ltd*（浙江金綾房地產有限公司）(its name was changed to Zhejiang Zhongnan Real Estate Ltd（浙江中南房地產開發有限公司)) (“Zhejiang Zhongnan”), another Independent Third Party.

On January 23, 2003, Zhejiang Zhongnan entered into an equity transfer agreement with Zhejiang Mingri, pursuant to which Zhejiang Mingri agreed to acquire from Zhejiang Zhongnan its 20% equity interest in White Horse Property Development. The acquisition was completed and became effective on April 1, 2003 and White Horse Property Development was owned as to 50% by Zhejiang Zhong An and as to 50% by Zhejiang Mingri.

On May 6, 2003, Zhejiang Zhong An entered into an equity transfer agreement with Zhejiang Nandu Property Ltd*（浙江南都置業股份有限公司）(“Zhejiang Nandu”), an Independent Third Party, pursuant to which Zhejiang Nandu agreed to acquire from Zhejiang Zhong An its 20% equity interest in White Horse Property Development for cash at the consideration of RMB2 million. Such consideration was determined between the parties on an arm’s length basis with reference to the registered capital then owned by Zhejiang Zhong An, and was payable within seven days from the date of the equity transfer agreement.

On May 6, 2003, Zhejiang Mingri also entered into equity transfer agreements with Zhejiang Yuantong Nandu Property Ltd*（浙江元通南都置業有限公司）(“Yuantong Nandu”), an Independent Third Party, and Zhejiang Datong Real Estate Development Ltd*（浙江大通房地產開發有限公司）(“Zhejiang Datong”), an Independent Third Party, pursuant to which Yuantong Nandu agreed to acquire from Zhejiang Mingri its 20% in White Horse Property Development and Zhejiang Datong agreed to acquire from Zhejiang Mingri its 15% equity interest in White Horse Property Development. The disposals were completed and became effective on May 16, 2003, and White Horse Property Development became owned as to 30% by Zhejiang Zhong An, as to 20% by Yuantong Nandu, as to 20% by Zhejiang Nandu, as to 15% by Zhejiang Mingri and as to 15% by Zhejiang Datong.

On October 13, 2005, in order for us to increase control and increase our equity interest in White Horse Property Development, Zhejiang Zhong An entered into an equity transfer agreement with Zhejiang Nandu, pursuant to which Zhejiang Zhong An agreed to acquire from Zhejiang Nandu its 20% equity interest in White Horse Property Development, for cash at the aggregate consideration of RMB43.7 million. Such consideration was determined between the parties on an arm’s length basis with reference to the assets and liabilities position of White Horse Property Development as of September 30, 2005, and was settled on October 18, 2005.

On October 20, 2005, in order for us to increase control and increase our equity interest in White Horse Property Development, Zhejiang Zhong An entered into an equity transfer agreement with Zhejiang Datong, pursuant to which Zhejiang Zhong An agreed to acquire from Zhejiang Datong its 14% equity interest in White Horse Property Development, for cash at the consideration of RMB1,400,000. Such consideration was determined between the parties on an arm’s length basis with reference to the registered capital then owned by Zhejiang Datong, and was payable on or before October 30, 2005. Zhejiang Zhong An has also agreed to repay the project funds previously advanced by Zhejiang Datong to White

Horse Property Development for the sum of RMB22,608,000 on behalf of White Horse Property Development, which was repaid within 10 days after commencement of sales of the New White Horse Apartments.

The acquisitions on October 13, 2005 and October 20, 2005 were completed and became effective on November 24, 2005, and White Horse Property Development became owned as to 64% by Zhejiang Zhong An, as to 20% by Yuantong Nandu, as to 15% by Zhejiang Mingri and as to 1% by Zhejiang Datong.

On February 8, 2006, it was resolved by the shareholders' resolution of White Horse Property Development to increase the registered capital of White Horse Property Development from RMB10 million to RMB50 million, by additional cash contribution for an aggregate sum of RMB40 million, to be contributed by the then shareholders proportional to their then respective shareholding. Such increase in registered capital was approved by the Xiaoshan ICB and became effective on March 16, 2006.

On August 10, 2006, Yuantong Nandu entered into an equity transfer agreement with Zhejiang Mingri, pursuant to which Zhejiang Mingri agreed to acquire from Yuantong Nandu its 20% equity interest in White Horse Property Development. The transfer was completed and became effective on August 23, 2006, and White Horse Property Development became owned as to 64% by Zhejiang Zhong An, as to 35% by Zhejiang Mingri and as to 1% by Zhejiang Datong.

On August 8, 2006, in order for us to increase control and increase our equity interest in White Horse Property Development, Zhejiang Zhong An entered into an equity transfer agreement with Zhejiang Mingri, pursuant to which Zhejiang Zhong An agreed to acquire from Zhejiang Mingri its 20% equity interest in White Horse Property Development for cash at the aggregate consideration of RMB10 million. Such consideration was determined between the parties on an arm's length basis with reference to the registered capital then owned by Zhejiang Mingri, and was settled on August 11, 2006. The acquisition was completed and became effective on September 11, 2006, and White Horse Property Development was owned as to 84% by Zhejiang Zhong An, as to 15% by Zhejiang Mingri and as to 1% by Zhejiang Datong.

To achieve full control and increase our equity interest in White Horse Property Development, on April 28, 2007, Zhejiang Zhong An entered into an equity transfer agreement with Zhejiang Mingri and Zhejiang Datong, pursuant to which Zhejiang Zhong An agreed to acquire from Zhejiang Mingri its 15% equity interest in White Horse Property Development and acquire from Zhejiang Datong its 1% equity interest in White Horse Property Development, for cash at the aggregate consideration of RMB8 million. Such consideration was determined between the parties on an arm's length basis with reference to the registered capital then owned by Zhejiang Mingri and Zhejiang Datong, and was settled on April 9, 2007 with Zhejiang Mingri and May 26, 2007 with Zhejiang Datong. The acquisitions were approved by the Xiaoshan ICB and were completed and became effective on April 29, 2007, and White Horse Property Development became wholly owned by Zhejiang Zhong An.

As part of our Reorganization, Zhejiang Zhong An has undergone a demerger and, immediately following completion of the demerger of Zhejiang Zhong An, its entire equity interest in White Horse Property Development was allocated to Zhong An Shenglong on September 27, 2013. Following such change and as of the Latest Practicable Date, White Horse Property Development was an indirect non-wholly owned subsidiary of our Company and was wholly owned by Zhong An Shenglong. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An.

(11) Yuyao Times Square Development

Yuyao Times Square Development is a limited liability company established under the laws of the PRC on August 5, 2013. Yuyao Property Development is the predecessor company of Yuyao Times Square Development. Yuyao Times Square Development is a company principally engaged in property development, and is the project company for Zhong An Times Square (Phase I).

Yuyao Property Development is a limited liability company established under the laws of the PRC on March 5, 2010. At the time of its establishment, its equity interest was wholly owned by Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary). At the time of its establishment, the registered capital in Yuyao Property Development amounted to RMB20 million.

On July 31, 2010, it was resolved by the shareholder's resolution of Yuyao Property Development to increase the registered capital of Yuyao Property Development from RMB20 million to RMB200 million by assignment of interests in debts for an aggregate sum of RMB180 million by Zhejiang Zhong An. Such increase in registered capital was approved by the Ningbo Industry and Commerce Bureau*（寧波市工商局）("Ningbo ICB") and became effective on August 16, 2010.

As part of the Reorganization, Yuyao Property Development has undergone a demerger whereby Yuyao Times Square Development was established on August 5, 2013 with the registered capital of RMB100 million, whereas the registered capital in Yuyao Property Development was reduced to RMB100 million, all of which were wholly owned by Zhejiang Zhong An.

As part of the Reorganization, Zhejiang Zhong An underwent a demerger and, immediately following the demerger of Zhejiang Zhong An, its entire equity interest in Yuyao Times Square Development was allocated to Zhong An Shenglong on January 29, 2014. Following such change and as of the Latest Practicable Date, Yuyao Times Square Development was an indirect non-wholly owned subsidiary of our Company and was wholly owned by Zhong An Shenglong. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An and Yuyao Property Development.

(12) Yuyao Times Square Management

Yuyao Times Square Management is a limited liability company established under the laws of the PRC on December 6, 2011. At the time of its establishment and as of the Latest Practicable Date, the registered capital in Yuyao Times Square Management amounted to RMB2 million, and has been wholly owned by Zhongan Commercial Investment, an indirect non-wholly owned subsidiary of our Company.

(13) Yuyao Times Square Property

Yuyao Times Square Property is a limited liability company established under the laws of the PRC on August 13, 2013. Yuyao Zhong'an Property is the predecessor company of Yuyao Times Square Property. It is principally engaged in property development, and is the project company for Zhong An Times Square (Phase II).

Yuyao Zhong'an Property is a limited liability company established on December 10, 2010. At the time of its establishment, the registered capital of Yuyao Zhong'an Property amounted to US$166 million, and was owned as to 70% by Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary) and as to 30% by Esteem High Enterprises Limited（高信企業有限公司）(“Esteem High”), a wholly owned subsidiary of Zhong An.

In order for us to achieve full control and increase our equity interest in Yuyao Zhong'an Property, on June 18, 2011, Hong Kong Hui Yuan Real Estate Limited (“Hong Kong Hui Yuan”), an indirect wholly owned subsidiary of Zhong An, entered into an equity transfer agreement with Esteem High, pursuant to which Hong Kong Hui Yuan agreed to acquire from Esteem High its 30% equity interest in Yuyao Zhong'an Property for cash at a consideration US$20 million, which was determined based on the registered capital then owned and paid up by Esteem High. The acquisition was approved by the Ningbo ICB, and was completed and became effective on June 24, 2011, and Yuyao Zhong'an Property was owned as to 70% by Zhejiang Zhong An and as to 30% by Hong Kong Hui Yuan.

As part of the Reorganization, Yuyao Zhong'an Property underwent a demerger whereby Yuyao Times Square Property was established on August 13, 2013 with the registered capital of US$16 million, whereas the registered capital in Yuyao Zhong'an Property was reduced to US$150 million, all of which were owned as to 70% by Zhejiang Zhong An and as to 30% by Hong Kong Hui Yuan.

As part of the Reorganization, Zhejiang Zhong An has undergone a demerger and, immediately following the demerger of Zhejiang Zhong An, its 70% equity interest in Yuyao Times Square Property was allocated to Zhong An Shenglong on February 8, 2014. On March 21, 2014, Huijun International acquired from Hong Kong Hui Yuan its 30% equity interest in Yuyao Times Square Property. Following such change and as of the Latest Practicable Date, Yuyao Times Square Property was an indirect non-wholly owned subsidiary of our Company and was owned as to 70% by Zhong An Shenglong and as to 30% by Huijun International. Please refer to paragraph headed “The Reorganization” in this section for further information on the demerger of Zhejiang Zhong An and Yuyao Zhong'an Property and the acquisition of the minority interest in Yuyao Times Square Property.

(14) Zhong An Property Development Xiaoshan

Zhong An Property Development Xiaoshan is a limited liability company established under the laws of the PRC on April 3, 1997. It is principally engaged in property leasing and is the project company for Guomao Building. At the time of its establishment and up to the Latest Practicable Date, the registered capital in Zhong An Property Development Xiaoshan amounted to RMB2 million.

At the time of its establishment, Zhong An Property Development Xiaoshan was owned as to 85% by Xiaoshan Yunzhongxia, the then ultimate beneficial owner of Xiaoshan Yunzhongxia was Mr. Shi Zhong Xiao, who was Mr. Shi's brother and was then a director of Zhong An Property Development Xiaoshan, and 15% by Zhejiang Gang Ao Real Estate Development Co., Ltd.* (浙江港澳房地產開發有限公司) ("Zhejiang Gang Ao"), a company then held by Independent Third Parties (95%) and Xiaoshan Yunzhongxia (5%).

In order for us to acquire and invest in Guomao Building, on May 18, 1998, Zhejiang Gang Ao, Zhejiang Zhong An (being the predecessor company of Zhong An Shenglong, our indirect non-wholly owned subsidiary), Xiaoshan Yunzhongxia and Hangzhou Zhongqiang, the then beneficial owners of which were Mr. Dong Shuixiao, a senior management and a director of certain members of the Remaining Zhong An Group, and Mr. Jin Renlin, an Independent Third Party, entered into an equity transfer agreement, pursuant to which (i) Zhejiang Zhong An agreed to acquire from Zhejiang Gang Ao its 12% equity interest in Zhong An Property Development Xiaoshan and acquire from Xiaoshan Yunzhongxia its 78% equity interest in Zhong An Property Development Xiaoshan for cash at the consideration of RMB1.8 million. Such consideration was determined between the parties on an arm's length basis with reference to the registered capital then owned by Zhejiang Gang Ao and Xiaoshan Yunzhongxia, and was settled on December 31, 2003; and (ii) Hangzhou Zhongqiang agreed to acquire from Xiaoshan Yunzhongxia its 7% equity interest in Zhong An Property Development Xiaoshan and Zhejiang Gang Ao its 3% equity interest in Zhong An Property Development Xiaoshan for cash at the consideration of RMB200,000. The acquisitions were approved by the Xiaoshan ICB and were completed and became effective on June 5, 1998, and Zhong An Property Development Xiaoshan became owned as to 90% by Zhejiang Zhong An and 10% by Hangzhou Zhongqiang.

As part of our Reorganization, Zhejiang Zhong An has undergone a demerger and, immediately following completion of the demerger of Zhejiang Zhong An, its 90% equity interest in Zhong An Property Development Xiaoshan was allocated to Zhong An Shenglong on September 27, 2013. Following such change and as of the Latest Practicable Date, Zhong An Property Development Xiaoshan was an indirect non-wholly owned subsidiary of our Company, and was owned as to 90% by Zhong An Shenglong and 10% by Hangzhou Zhongqiang. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An.

(15) Zhong An Shenglong

Zhong An Shenglong is a limited liability company established under the laws of the PRC on September 9, 2013 as a result of the demerger of Zhejiang Zhong An, its predecessor company, as part of the Reorganization. Zhong An Shenglong is a company principally engaged in property development, and is the project company for the Integrated Service Center, Highlong Plaza, and Landscape Garden (Phase I and II).

Zhejiang Zhong An was established on December 26, 1997. At the time of its establishment, Zhejiang Zhong An's registered capital amounted to RMB5 million, and was owned as to 55% by Zhejiang Maple Liquor Co., Ltd.*（浙江楓葉酒業有限公司）("Zhejiang Maple Liquor"), an Independent Third Party, and 45% by Xiaoshan Yunzhongxia.

On May 8, 2000, Mr. Shi entered into an equity transfer agreement with Zhejiang Maple Liquor and Xiaoshan Yunzhongxia, pursuant to which Mr. Shi agreed to (i) acquire from Zhejiang Maple Liquor its entire equity interest in Zhejiang Zhong An; and (ii) acquire from Xiaoshan Yunzhongxia its 20% equity interest in Zhejiang Zhong An. The acquisitions were completed and became effective on May 26, 2000 and, Zhejiang Zhong An was owned as to 75% by Mr. Shi and as to 25% by Xiaoshan Yunzhongxia.

On the same day, it was resolved by the shareholders' resolution of Zhejiang Zhong An to increase the registered capital of Zhejiang Zhong An from RMB5 million to RMB10 million, by additional cash contribution for an aggregate sum of RMB5 million, to be contributed by the then shareholders proportional to their then respective shareholding. The increase in registered capital was approved by the Zhejiang Industry and Commerce Bureau*（浙江省工商局）("Zhejiang ICB") and became effective on May 26, 2000.

On November 20, 2001, it was resolved by the shareholders' resolution of Zhejiang Zhong An to increase the registered capital from RMB 10 million to RMB20 million, by additional cash contribution for a sum of RMB 10 million to be contributed by Mr. Shi. The increase in registered capital was approved by the Zhejiang ICB and became effective on November 23, 2001, and Zhejiang Zhong An then became owned as to 87.5% by Mr. Shi and as to 12.5% by Xiaoshan Yunzhongxia.

On July 7, 2003, it was resolved by the shareholders' resolution of Zhejiang Zhong An to increase the registered capital of Zhejiang Zhong An from RMB20 million to RMB50 million, by way of additional contribution as to RMB27.5 million by Mr. Shi and RMB2.5 million by Xiaoshan Yunzhongxia. Such increase in registered capital was approved by the Zhejiang ICB and became effective on July 25, 2003, and Zhejiang Zhong An then became owned as to 90% by Mr. Shi and 10% by Xiaoshan Yunzhongxia.

In order for us to acquire and invest in the Integrated Service Center, Highlong Plaza, and Landscape Garden (Phase I and II), on March 1, 2006, Qirui Enterprise entered into an equity transfer agreement with Mr. Shi, pursuant to which Qirui Enterprise agreed to acquire from Mr. Shi his entire equity interest in Zhejiang Zhong An for cash at the consideration of RMB45 million. Such consideration was determined between the parties on arm's length basis with reference to the amount of registered capital then owned by Mr. Shi, and was settled by setting off against the amount then due to the Zhong An Group by Mr. Shi. The acquisition was approved by the Zhejiang ICB and was completed and became effective on June 23, 2006, and Zhejiang Zhong An was owned by as to 90% by Qirui Enterprise and 10% by Xiaoshan Yunzhongxia.

On November 16, 2007, it was resolved by the shareholders' resolution of Zhejiang Zhong An to increase the registered capital of Zhejiang Zhong An from RMB50 million to RMB100 million, by additional cash contribution for an aggregate sum of RMB50 million, to be contributed by the then shareholders proportional to their then respective shareholding. Such increase in registered capital was approved by the Zhejiang ICB and became effective on November 30, 2007.

As part of the Reorganization, Zhejiang Zhong An has undergone a demerger whereby Zhong An Shenglong was established on September 9, 2013 with an initial registered capital of RMB50 million, whereas the registered capital of Zhejiang Zhong An was reduced to RMB50 million, all of which were owned as to 90% by Qirui Enterprise, the predecessor company of Qirui Management, and as to 10% by Xiaoshan Yunzhongxia. Immediately following completion of demerger of Qirui Enterprise as part of the Reorganization, its 90% equity interest in Zhong An Shenglong was allocated to Qirui Management, our direct wholly owned subsidiary, on February 14, 2014. Following such change and as of the Latest Practicable Date, Zhong An Shenglong was an indirect non-wholly owned subsidiary of our Company and was owned as to 90% by Qirui Management and as to 10% by Xiaoshan Yunzhongxia. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Zhejiang Zhong An and Qirui Enterprise.

(16) New Cixi Zhongan

New Cixi Zhongan is a limited liability company established under the laws of the PRC on December 6, 2013 as a result of the demerger of Cixi Property Development, its predecessor company, as part of the Reorganization. New Cixi Zhongan is a company principally engaged in property development, and is the project company for Cixi Ningbo Land.

Cixi Property Development was established on February 28, 2013. At the time of its establishment, the registered capital of Cixi Property Development amounted to RMB150 million, and was wholly owned by Zhejiang Zhong An.

As part of the Reorganization, Cixi Property Development underwent a demerger whereby New Cixi Zhongan was established on December 6, 2013 with the registered capital of RMB50 million, whereas the registered capital of Cixi Property Development was reduced to RMB100 million, all of which were wholly owned by Zhejiang Zhong An. Please refer to paragraph headed "The Reorganization" in this section for further information on the demerger of Cixi Property Development.

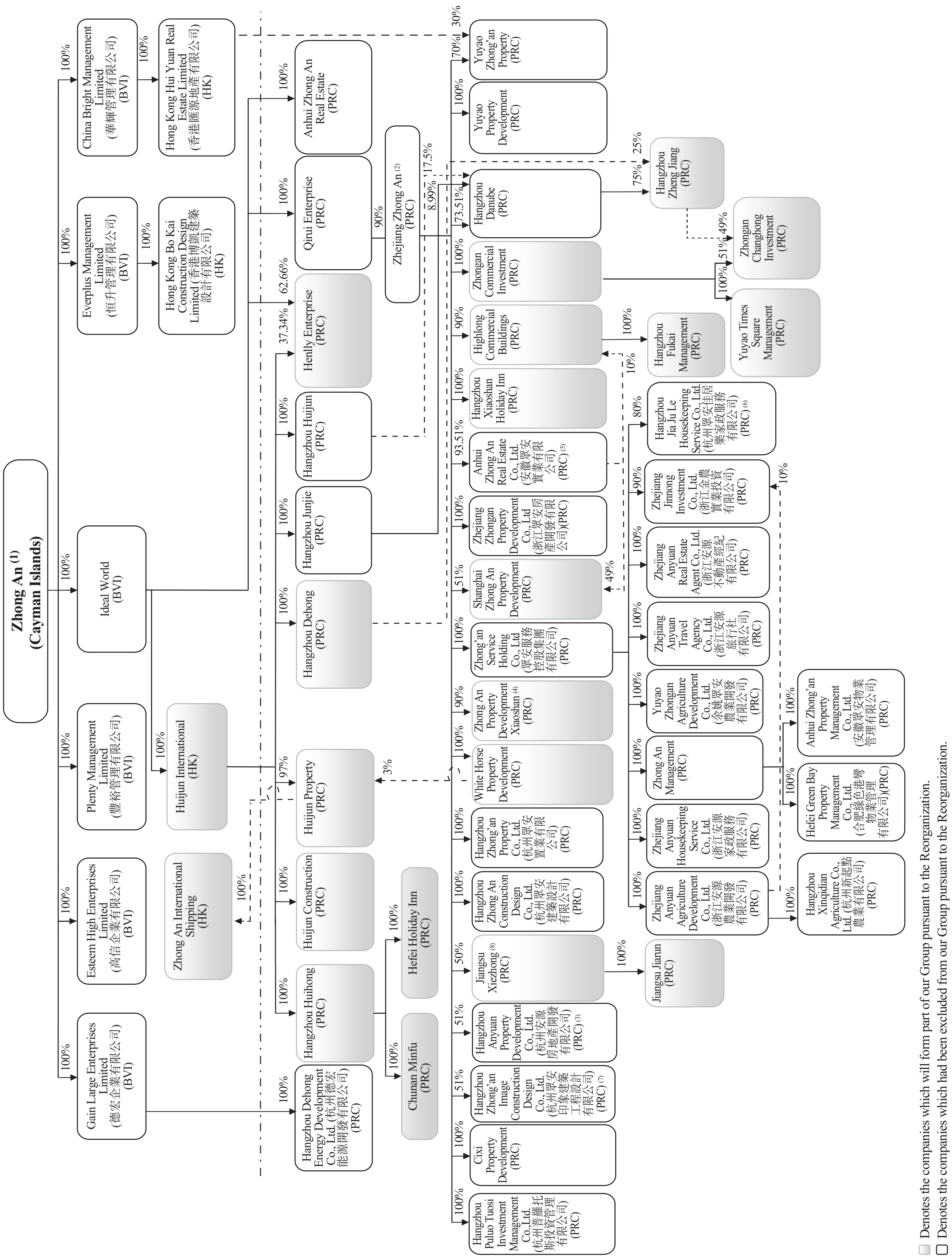
Immediately following completion of the demerger of Cixi Property Development and the establishment of New Cixi Zhongan, as part of the Reorganization, on March 3, 2014, Zhong An Shenglong acquired from Zhejiang Zhong An the entire equity interest in New Cixi Zhongan. Following such change and as of the Latest Practicable Date, New Cixi

Zhongan was a non-wholly owned subsidiary of our Company and was wholly owned by Zhong An Shenglong. Please refer to paragraph headed "The Reorganization" in this section for further information on the acquisition of New Cixi Zhongan by Zhong An Shenglong.

As advised by our PRC Legal Advisors, all the requisite approvals, registrations and/or filings in respect of the establishments and subsequent changes in the equity interests in all the above principal operating subsidiaries and joint venture of our Company have been obtained and/or complied with in accordance with the applicable PRC laws, and all of the acquisitions and/or disposals of equity interests in these principal operating subsidiaries and joint venture as mentioned above have been properly and legally completed.

REORGANIZATION

Immediately prior to the Reorganization, the structure of our Group was as follows:



Notes:

1. Zhong An is a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 672).

2. The remaining 10% issued share capital in Zhejiang Zhong An is by Xiaoshan Yunzhongxia, whose beneficial owners are Qi Xiaomin (戚小敏) and Chen Junmin (陳軍民). Xiaoshan Yunzhongxia is also a substantial shareholder of Zhong An Shenglong, and Ms. Qi and Mr. Chen are also beneficial owners of Hangzhou Zhongqiang, being a substantial shareholder of Zhong An Property Development Xiaoshan as referred to in note 4 below. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, each of Ms. Qi and Mr. Chen is not connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

3. The remaining 49% issued share capital in Hangzhou Anyuan Property Development Co., Ltd.* (杭州安源房地產開發有限公司) was held by Ideal International Holdings Group Limited* (理想國際控股集團有限公司) which, save for the said interests, was otherwise not connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

4. The remaining 10% issued share capital in Zhong An Property Development Xiaoshan is held by Hangzhou Zhongqiang, whose beneficial owners are Qi Xiaomin (戚小敏) and Chen Junmin (陳軍民). Ms. Qi and Mr. Chen are also beneficial owners of (i) Xiaoshan Yunzhongxia, being a substantial shareholder of Zhong An Shenglong as referred to in note 2 above; and (ii) Hangzhou Zhongqiang, being a substantial shareholder of Zhong An Property Development Xiaoshan. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, each of Ms. Qi and Mr. Chen is not connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

5. The remaining 6.49% issued share capital in Anhui Zhong An Real Estate Co., Ltd.* (安徽眾安實業有限公司) is held by Chen Yurong (陳玉蓉), a director of a group member of the Remaining Zhong An Group.

6. The remaining 20% issued share capital in Hangzhou Jia Ju Le Housekeeping Service Co., Ltd.* (杭州眾安佳居樂家政服務有限公司) is held by Wan Mengping (萬夢萍) who, save for the said interests, was otherwise not connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

7. The remaining 49% issued share capital in Hangzhou Zhong'an Image Construction Design Co., Ltd.* (杭州眾安印象建築工程設計公司) is held by Shenzhen International Image Construction Design Co., Ltd.* (深圳市國際印象建築設計有限公司) which, save for the said interests, was otherwise not connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

8. The remaining 50% issued share capital in Jiangsu Xiezhong is held by Jiangsu GCL Real Estate Co., Ltd.* (江蘇協鑫房地產有限公司) which, save for the said interests, was otherwise not connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

The Reorganization

To rationalize our Group's structure in preparation for the Listing, our Group underwent the Reorganization as more particularly described as follows:

(1) Transfer of shares in Hangzhou Zheng Jiang

Immediately prior to the Reorganization and with the view to affect the Spin-off, Hangzhou Zheng Jiang was owned as to 75% by Hangzhou Danube, an indirect wholly owned subsidiary of Zhong An, and as to 25% by Hangzhou Dehong, an indirect wholly owned subsidiary of our Company. Pursuant to an equity transfer agreement dated April 16, 2013 and entered into between Hangzhou Danube as vendor and

Zhejiang Zhong An as purchaser (as supplemented by a supplemental equity transfer agreement dated October 23, 2013), Hangzhou Danube transferred its 75% of the equity interest in Hangzhou Zheng Jiang to Zhejiang Zhong An, in consideration and in exchange for Zhejiang Zhong An transferring to Hangzhou Danube its 100% equity interest in Hangzhou Puluo Tuosi Investment Management Co., Ltd.*（杭州普羅托斯投資管理有限公司）. The transfer of Hangzhou Zheng Jiang became effective on April 22, 2013 and following such transfer, Hangzhou Zheng Jiang was owned as to 75% by Zhejiang Zhong An and as to 25% by Hangzhou Dehong.

(2) Demerger（分立）of certain members of Zhong An Group

Immediately prior to the Reorganization, certain members of the Zhong An Group held both residential and commercial properties and/or equity interests in these properties' holding companies. As part of the Reorganization and with the view to effect the Spin-off, each of these members underwent certain demerger procedures in the PRC so as to split the assets and liabilities of the relevant member company into two separate entities whereby (a) the title and ownership of commercial properties, and/or the equity interests in the holding companies of commercial properties, were transferred to a newly-established entity which became a member of our Group; and (b) the title and ownership of residential properties and/or the equity interests of the holding companies of residential properties to be held by companies that would continue to be or become a member of the Remaining Zhong An Group.

Under the PRC Companies Law, where a company undergoes a demerger, the companies arising from and/or continuing to exist after such demerger shall be liable for the predecessor company's liabilities on a joint and several basis. We have obtained consent from our major creditors (those with a net outstanding amount of RMB500,000 or above) to release and discharge the newly established companies, namely, Yuyao Times Square Development, Yuyao Times Square Property, Zhong An Shenglong, Qirui Management and New Cixi Zhongan as referred to in sub-paragraph (a) – (e) below, from its predecessor company's liabilities that are not otherwise allocated to our Group. As advised by our PRC Legal Advisors, the consents obtained from our creditors are legal, valid and enforceable under the relevant PRC laws and the relevant government authorities will not challenge such arrangement given the consents given by these creditors. Each of Zhong An and Ideal World has also undertaken to us that it will indemnify and keep us fully indemnified from any losses arising from or in connection with the implementation of the Reorganization. Please refer to the section headed "Other information – 16. Estate duty, tax and other indemnity" in Appendix V to this prospectus for details.

As advised by our PRC Legal Advisors, all approvals necessary to implement such demergers have been duly obtained from the PRC Government authorities and filings with the PRC Government authorities have been duly completed.

As part of the Reorganization, Yuyao Property Development, Yuyao Zhong'an Property, Zhejiang Zhong An, Qirui Enterprise and Cixi Property Development were demerged. Further details of the demergers of these five members of Zhong An Group are set out below:

(a) Yuyao Property Development

Immediately prior to its demerger, Yuyao Property Development was wholly owned by Zhejiang Zhong An with a registered capital of RMB200 million. As part of the demerger, Yuyao Times Square Development was established on August 5, 2013. The registered capital of Yuyao Property Development was reduced to RMB100 million while that of Yuyao Times Square Development was RMB100 million, all of which were wholly owned by Zhejiang Zhong An. Pursuant to a demerger agreement signed by Yuyao Property Development and Yuyao Times Square Development, the land use rights of Zhong An Times Square (Phase I), together with related assets in the sum of approximately RMB533.9 million and related liabilities in the sum of approximately RMB500,000 were allocated to Yuyao Times Square Development.

Immediately following the demerger of Zhejiang Zhong An as referred to in sub-paragraph (c) below, the entire equity interest in Yuyao Times Square Development was allocated to Zhong An Shenglong on January 29, 2014 and it became an indirect non-wholly owned subsidiary of our Company.

(b) Yuyao Zhong'an Property

Immediately prior to its demerger, Yuyao Zhong'an Property had a registered capital of US$166 million which was owned as to 70% by Zhejiang Zhong An and as to 30% by Hong Kong Hui Yuan. As part of the demerger, Yuyao Times Square Property was established on August 13, 2013. On August 6, 2013, Ningbo Foreign Trade & Economic Cooperation Bureau (寧波市對外貿易經濟合作局) approved the demerger of Yuyao Zhong'an Property, and the registered capital of Yuyao Zhong'an Property was reduced to US$150 million while that of Yuyao Times Square Property was US$16 million, which were owned as to 70% by Zhejiang Zhong An and as to 30% by Hong Kong Hui Yuan. Pursuant to a demerger agreement signed by Yuyao Zhong'an Property, Yuyao Times Square Property, Zhejiang Zhong An and Hong Kong Hui Yuan, the land use rights of Zhong An Times Square (Phase II), together with related assets in the sum of approximately RMB442.4 million and related liabilities in the sum of approximately RMB341.5 million were allocated to Yuyao Times Square Property.

Immediately following the demerger of Zhejiang Zhong An as referred to in sub-paragraph (c) below, Yuyao Times Square Property was allocated to Zhong An Shenglong on February 8, 2014 and became an indirect non-wholly owned subsidiary of our Company.

(c) Zhejiang Zhong An

Immediately prior to its demerger, Zhejiang Zhong An had a registered capital of RMB100 million which was owned as to 90% by Qirui Enterprise and as to 10% by Xiaoshan Yunzhongxia, a company whose beneficial owners are Qi Xiaomin（戚小敏）and Chen Junmin（陳軍民）. Ms. Qi and Mr. Chen are also beneficial owners of Hangzhou Zhongqiang, being a substantial shareholder of Zhong An Property Development Xiaoshan. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, neither Ms. Qi nor Mr. Chen is connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

As part of the demerger, Zhong An Shenglong was established on September 9, 2013. The registered capital of Zhejiang Zhong An was reduced to RMB50 million while that of Zhong An Shenglong was RMB50 million, which were owned as to 90% by Qirui Enterprise and as to 10% by Xiaoshan Yunzhongxia. Pursuant to a demerger agreement signed by Zhejiang Zhong An, Zhong An Shenglong, Qirui Enterprise and Xiaoshan Yunzhongxia, (i) Zhejiang Zhong An's 50% equity interest in Jiangsu Xiezhong (a joint venture), 90% equity interest in Zhong An Property Development Xiaoshan, 51% equity interest in Shanghai Zhong An Property Development, 90% equity interest in Highlong Commercial Buildings, 75% equity interest in Hangzhou Zheng Jiang, 100% equity interest in Yuyao Times Square Development, 70% equity interest in Yuyao Times Square Property, 100% equity interest in White Horse Property Development, 100% equity interest in Hangzhou Xiaoshan Holiday Inn and 100% equity interest in Zhongan Commercial Investment; (ii) the land use rights and the related properties of Highlong Plaza, Integrated Service Center and certain shops in Landscape Garden (Phase I and II); and (iii) the related assets in the sum of approximately RMB1,944.3 million and related liabilities in the sum of approximately RMB1,894.3 million were allocated to Zhong An Shenglong.

Immediately following the demerger of Qirui Enterprise as referred to in sub-paragraph (d) below, its 90% equity interest in Zhong An Shenglong was allocated to Qirui Management on February 14, 2014 and Zhong An Shenglong became an indirect non-wholly owned subsidiary of our Company.

(d) Qirui Enterprise

Immediately prior to its demerger, Qirui Enterprise had a registered capital of US$29.8 million which was wholly owned by Ideal World, a Controlling Shareholder. As part of the demerger, Qirui Management was established on October 18, 2013. On September 29, 2013, Hangzhou City Shangcheng District Bureau of Commerce*（杭州市上城區商務局）approved the demerger of Qirui Enterprise, and the registered capital of Qirui Enterprise was reduced to US$14.9 million while that of Qirui Management was US$14.9 million, all of which were wholly owned by Ideal World. Pursuant to a demerger agreement signed by Qirui Enterprise and Qirui Management, Qirui Enterprise's 90% equity interest in Zhong An Shenglong, together with the related assets in the sum of approximately

RMB120.3 million and nil liabilities were allocated to Qirui Management. As part of the Reorganization, Ideal World transferred its 100% equity interests in Qirui Enterprise to Zhong An Properties. Please refer to paragraph (4) below for details. Immediately following the acquisition of Huijun International, Henlly Enterprise and Qirui Management by our Company as referred to in paragraph (11) below, Qirui Enterprise was excluded from our Group.

(e) Cixi Property Development

Immediately prior to its demerger, Cixi Property Development had a registered capital of RMB150 million, and was wholly owned by Zhejiang Zhong An. As part of the demerger, New Cixi Zhongan was established on December 6, 2013. The registered capital of Cixi Property Development was reduced to RMB100 million while that of New Cixi Zhongan was RMB50 million, all of which were wholly owned by Zhejiang Zhong An. Pursuant to a demerger agreement signed by Cixi Property Development and New Cixi Zhongan, the title and ownership of Cixi Ningbo Land, together with the related assets in the sum of approximately RMB61.8 million and related liabilities in the sum of approximately RMB11.8 million were allocated to New Cixi Zhongan.

On March 3, 2014, Zhong An Shenglong acquired from Zhejiang Zhong An the entire equity interest in New Cixi Zhongan as referred to in sub-paragraph (8) below and New Cixi Zhongan became an indirect non-wholly owned subsidiary of our Company.

(f) Determination of assets and liabilities allocated under various demergers

In respect of each of the five demergers effected pursuant to the Reorganization that involved the allocation of assets and liabilities between their original owner and their successor, only assets relevant to our business (and their related liabilities) were selected for allocation to us, and at the relevant book value of such assets (and liabilities), and unrelated assets (and liabilities) remain to be held by their original owners.

(3) Incorporation of Zhong An Properties and our Company

Zhong An Properties was incorporated on June 20, 2013 in the BVI as a limited liability company with 50,000 authorized shares of US$1.00 each. On June 24, 2013, one share was allotted and issued fully paid at par by Zhong An Properties to Ideal World, as a result of which the entire issued share capital of Zhong An Properties was wholly owned by Ideal World.

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company on July 2, 2013 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Predecessor CO on November 1, 2013. Upon its incorporation, an aggregate of

1,000,000 Shares (including the one subscriber's Share initially issued to the subscriber) were allotted and issued, nil-paid, by our Company to Zhong An. As a result, the entire issued share capital of our Company was wholly owned by Zhong An.

(4) Transfer of Qirui Enterprise and Anhui Zhong An Real Estate to Zhong An Properties

Pursuant to an equity transfer agreement dated October 20, 2013 and entered into between Ideal World and Zhong An Properties, a wholly owned subsidiary of Ideal World, Ideal World transferred its entire equity interest in Anhui Zhong An Real Estate to Zhong An Properties and the transfer became effective on December 20, 2013.

Pursuant to an equity transfer agreement dated March 18, 2014 and entered into between Ideal World and Zhong An Properties, Ideal World transferred its entire equity interest in Qirui Enterprise to Zhong An Properties and the transfer became effective on March 20, 2014.

In consideration of and in exchange for Ideal World transferring its entire equity interests in Qirui Enterprise and Anhui Zhong An Real Estate to Zhong An Properties, Zhong An Properties allotted and issued, credited as fully paid, an aggregate of 100 shares of Zhong An Properties to Ideal World on March 20, 2014.

(5) Acquisition of the minority interest in each of Shanghai Zhong An Property Development and Highlong Commercial Buildings

(a) Shanghai Zhong An Property Development

Immediately following the demerger of Zhejiang Zhong An as referred to in sub-paragraph (2)(c) above, Shanghai Zhong An Property Development was owned as to 51% by Zhong An Shenglong and as to 49% by Anhui Zhong An Real Estate Co., Ltd* (安徽眾安實業有限公司), a member of the Remaining Zhong An Group.

Pursuant to an equity transfer agreement dated November 1, 2013 and entered into between Anhui Zhong An Real Estate Co., Ltd* (安徽眾安實業有限公司) as vendor and Zhong An Shenglong as purchaser, Zhong An Shenglong acquired from Anhui Zhong An Real Estate Co., Ltd* (安徽眾安實業有限公司) its 49% equity interest in Shanghai Zhong An Property Development for cash at the consideration of RMB4.9 million. Such consideration was determined between the parties on an arm's length basis with reference to the registered capital of Shanghai Zhong An Property Development then owned by Anhui Zhong An Real Estate Co., Ltd* (安徽眾安實業有限公司), and was settled on December 26, 2013. The transfer of the 49% equity interest in Shanghai Zhong An Property Development became effective on November 21, 2013 and following such transfer, Shanghai Zhong An Property Development was wholly owned by Zhong An Shenglong and became an indirect non-wholly owned subsidiary of our Company.

(b) Highlong Commercial Buildings

Immediately following the demerger of Zhejiang Zhong An as referred to in sub-paragraph (2)(c) above, Highlong Commercial Buildings was owned as to 90% by Zhong An Shenglong and as to 10% by Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）, a member of the Remaining Zhong An Group.

Pursuant to an equity transfer agreement dated November 19, 2013 and entered into between Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）as vendor and Zhong An Shenglong as purchaser, Zhong An Shenglong acquired from Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）its 10% equity interest in Highlong Commercial Buildings for cash at the consideration of RMB200,000. Such consideration was determined between the parties on an arm's length basis with reference to the registered capital of Highlong Commercial Buildings then owned by Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）, and was settled on March 20, 2014. The transfer of the 10% equity interest in Highlong Commercial Buildings became effective on November 27, 2013 and following such transfer, Highlong Commercial Buildings was wholly owned by Zhong An Shenglong and became an indirect non-wholly owned subsidiary of our Company.

(6) Increase in registered capital of Henlly Enterprise

On February 14, 2014, it was resolved by the shareholders' resolution of Henlly Enterprise to increase the registered capital of Henlly Enterprise from US$99.8 million to approximately US$149.1 million, to be contributed by Ideal World. Such capital increase was approved by Xiaoshan ICB and became effective on March 11, 2014. Following such increase in registered capital, Henlly Enterprise became 75% owned by Ideal World, a Controlling Shareholder and as to 25% by Huijun International, a wholly owned subsidiary of our Company.

(7) Transfer of our Company to Ideal World

On February 24, 2014, Zhong An transferred the 1,000,000 nil paid Shares then held by Zhong An, which was the entire issued share capital in our Company, to Ideal World at nil consideration.

(8) Acquisition of New Cixi Zhongan by Zhong An Shenglong

On March 3, 2014, Zhong An Shenglong acquired from Zhejiang Zhong An the entire equity interest in New Cixi Zhongan, at a consideration of RMB50 million, which was determined between the parties on an arm's length basis with reference to the registered capital of New Cixi Zhongan then owned by Zhejiang Zhong An. Following such acquisition, New Cixi Zhongan became an indirect non-wholly owned subsidiary of our Company.

(9) Cooperation Agreement with Yuyao Zhong'an Property

On March 16, 2014, we entered into the Cooperation Agreement with Yuyao Zhong'an Property pursuant to which Yuyao Zhong'an Property was appointed as the exclusive project manager for the provision of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion by Yuyao Zhong'an Property. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for further details of the Cooperation Agreement.

(10) Acquisition of VC Hotel and the Pre-opening Management Agreement with Anhui Zhong An Real Estate

On March 20, 2014, we entered into the Land Acquisition Agreement with Anhui Zhong An Real Estate pursuant to which Anhui Zhong An Real Estate had sold to our Group the land on which the VC Hotel is situated together with the buildings under construction thereon, at the aggregate consideration of RMB234 million, which is based on the land valuation as of January 31, 2014 and the development costs and expenses incurred up to March 20, 2014. Please refer to the section headed "Business – Recent Developments – Land Acquisition Agreement and Pre-opening Management Agreement" for further details of the Land Acquisition Agreement.

As a transitional arrangement pending completion of the Land Acquisition Agreement, on March 20, 2014, we entered into the Pre-opening Management Agreement with Anhui Zhong An Real Estate pursuant to which we have been appointed the exclusive project manager for the provision of overall management and supervision of the ongoing construction and development of VC Hotel by Hefei Holiday Inn. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for further details of the Pre-opening Management Agreement.

(11) Acquisition of Huijun International, Henlly Enterprise and Qirui Management

(a) Huijun International

On March 3, 2014, our Company acquired from Ideal World its entire issued share capital in Huijun International at the aggregate consideration of RMB175,898,501, which was settled by our Company (a) allotting and issuing, credited as fully paid, 400,000 Shares to Ideal World; and (b) crediting as fully paid at par the 1,000,000 nil-paid Shares then held by Ideal World. The consideration was determined with reference to the net book value of Huijun International as of December 31, 2013.

(b) Henlly Enterprise

On March 18, 2014, our Company acquired from Ideal World its 75% equity interests in Henlly Enterprise, at the aggregate consideration of approximately US$111.8 million, which was settled by our Company allotting and issuing, credited as fully paid, 300,000 Shares to Ideal World. The consideration was determined with reference to the registered capital of Henlly Enterprise then owned by Ideal World.

(c) Qirui Management

On March 20, 2014, our Company acquired from Ideal World its entire equity interests in Qirui Management at the aggregate consideration of US$14.9 million, which was settled by our Company allotting and issuing, credited as fully paid, 300,000 Shares to Ideal World. The consideration was determined with reference to the registered capital of Qirui Management then owned by Ideal World.

(12) Acquisition of the minority interest in Yuyao Times Square Property and the disposal of our minority interest in Hangzhou Danube

(a) Yuyao Times Square Property

Immediately following the demerger of Yuyao Zhong'an Property as referred to in sub-paragraph (2)(b) above, Yuyao Times Square Property was owned as to 70% by Zhong An Shenglong and as to 30% by Hong Kong Hui Yuan, a member of the Remaining Zhong An Group.

Pursuant to an equity transfer agreement dated March 20, 2014 and entered into between Hong Kong Hui Yuan as vendor and Huijun International, a member of our Group, as purchaser, Huijun International acquired from Hong Kong Hui Yuan its 30% equity interest in Yuyao Times Square Property, in consideration and in exchange for (i) Huijun International transferring to Hong Kong Hui Yuan its 100% equity interest in each of Hangzhou Junjie and Hangzhou Huijun and (ii) Hong Kong Hui Yuan paying a cash consideration for an amount of approximately US$84.9 million (equivalent to approximately RMB618 million) to Huijun International, which represents the net difference between the registered capital of Yuyao Times Square Property, Hangzhou Junjie and Hangzhou Huijun. The consideration was determined with reference to the respective registered capital then owned by Hong Kong Hui Yuan and Huijun International, respectively of Yuyao Times Square Property, Hangzhou Junjie and Hangzhou Huijun. The transfer of the 30% equity interest in Yuyao Times Square Property became effective on March 21, 2014 and following such transfer, Yuyao Times Square Property was owned as to 70% by Zhong An Shenglong and as to 30% by Huijun International and became an indirect non-wholly owned subsidiary of our Company.

(b) Hangzhou Danube

Immediately prior to the Reorganization, Hangzhou Danube was our Group's associated company and was owned as to 17.5% and 8.992% by Hangzhou Huijun and Hangzhou Junjie, respectively, being two of the then wholly owned subsidiaries of Huijun International and the then members of our Group, and as to 73.508% by Zhejiang Zhong An, being a member of the Remaining Zhong An Group.

On April 21, 2014, Huijun International disposed of and transferred its 100% equity interest in Hangzhou Junjie and Hangzhou Huijun to Hong Kong Hui Yuan as referred to in sub-paragraph 12 (a) above and immediately following such transfer, each of Hangzhou Huijun and Hangzhou Junjie ceased to be members of our Group and Hangzhou Danube ceased to be an associated company of our Group.

(13) Novation, assignment and set-off of offshore debts and capitalization issue

On May 30, 2014, Ideal World, certain other members of the Remaining Zhong An Group, our Company and certain other members of the CNC Group entered into a deed of novation, assignment and set-off, pursuant to which certain non-interest bearing offshore debts and other payables due among the parties thereto were novated and/or assigned among the parties, in consideration of the assignee(s) of the relevant offshore debts and the debtor(s) novating the relevant payables paying to the relevant assignee(s) and novatee(s) of the relevant offshore debts and payables an amount equal to the debts/payables so assigned/novated and the pro tanto set-off of debts and payables among the relevant parties. The net offshore debts due and owing by our Company to Ideal World after such set-off, which amounts to approximately RMB963,639,073, was settled by our Company by allotting and issuing, credited as fully paid, 1,000,000 new Shares to Ideal World.

(14) Assignment and set-off of onshore debt

On June 4, 2014, Anhui Zhong An Real Estate, Hangzhou Huihong, Zhejiang Zhong An and Zhong An Shenglong entered into a loan assignment agreement, pursuant to which the onshore debt for the amount of RMB234,000,000 owed by Hangzhou Huihong to Anhui Zhong An Real Estate were assigned and novated to Zhejiang Zhong An as the new creditor and Zhong An Shenglong as the new debtor of the debt, in consideration of (i) Zhejiang Zhong An agreeing to pay Anhui Zhong An Real Estate a sum of RMB234,000,000 in cash; and (ii) Hangzhou Huihong agreeing to pay Zhong An Shenglong a sum of RMB234,000,000 in cash. On the same date, Zhejiang Zhong An and Zhong An Shenglong entered into a set-off agreement, pursuant to which the onshore debt of RMB234,000,000 owed by Zhejiang Zhong An to Zhong An Shenglong was set-off against another onshore debt of the same amount owed by Zhong An Shenglong to Zhejiang Zhong An.

Upon completion of the Reorganization, our Company became the holding company of the members of our Group. For alterations in the share capital of each of our Company's subsidiaries which took place within two years immediately preceding the date of this prospectus, please refer to paragraph headed "Further information about our Company and our subsidiaries – 5. Changes in share capital of our subsidiaries" in Appendix V in this prospectus for further information.

As advised by our PRC Legal Advisors, we have obtained and completed all the requisite and approvals, registrations and/or filings formalities in all material aspects from the relevant PRC Government authorities in respect of the Reorganization, and the Reorganization to the extent that PRC laws are applicable, has complied with the applicable laws and regulations in the PRC. Mr. Shi, being our Controlling Shareholder and a PRC resident, had filed application pursuant to the relevant overseas investment foreign exchange registration procedures under the Notice No. 75 on February 7, 2006, in respect of his establishment and acquisition of control of special purpose companies for equity financing and/or return investment of our Group and such registration had been completed.

Basis of Reorganization

The property projects of the Zhong An Group were allocated between our Group and the Remaining Zhong An Group by way of Reorganization on the following basis:

(a) in respect of properties which, based on the land use rights certificates of the land, are for commercial use, the properties and the respective holding companies thereof have been included in our Group;

(b) subject to (c) and (d) below, in respect of each of the properties that is for mixed commercial-residential use, the commercial part and the residential part of the properties have been delineated by reference to the respective land use rights certificates where properties with land use rights certificates specifying the usage as "residential" shall belong to the Remaining Zhong An Group, while the properties with land use rights certificates specifying the usage as "commercial" shall belong to our Group and, as part of the Reorganization, the relevant holding company of the property had undergone a demerger process to "split" such holding company into two separate entities by establishment of a new entity whereby (a) the title and ownership of the commercial part of the property was transferred to such new entity which became a member of our Group; and (b) the title and ownership of the residential part of the property remained at the original holding entity which became a member of the Remaining Zhong An Group;

(c) in respect of Zhong An Times Square (Phase II), given the Times Square Residential Portion will be situated on top of a commercial complex, the land use rights of the whole land to which the Zhong An Times Square (Phase II) relates is specified as "city residential land", as advised by our PRC Legal Advisors, the title in relation to the Times Square Residential Portion would only be able to be ascertained upon the relevant building ownership certificates are issued upon completion of construction thereof. The Remaining Zhong An Group has entered into the Cooperation Agreement with our Group to achieve clear business delineation between the Remaining Zhong An Group and our Group in relation to Times Square Residential Portion. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for further details of the Cooperation Agreement;

(d) in respect of Jia Run Square, which is an integrated commercial project in Suzhou Industrial Park, Jiangsu Province, the serviced apartments are ancillary to the commercial properties which are the core focus of such development project. These serviced apartments, which are currently under development, will be located in a building block where certain floors underneath are made up of shops. The land use rights certificate of the parcel of land for such development is specified as "commercial and city residential land". As serviced apartments are classified as commercial properties under the Standard of Classification and Planning for Urban Development Land* (城市用地分類與規劃建設用地標準), these properties have remained in our Group upon completion of the Reorganization;

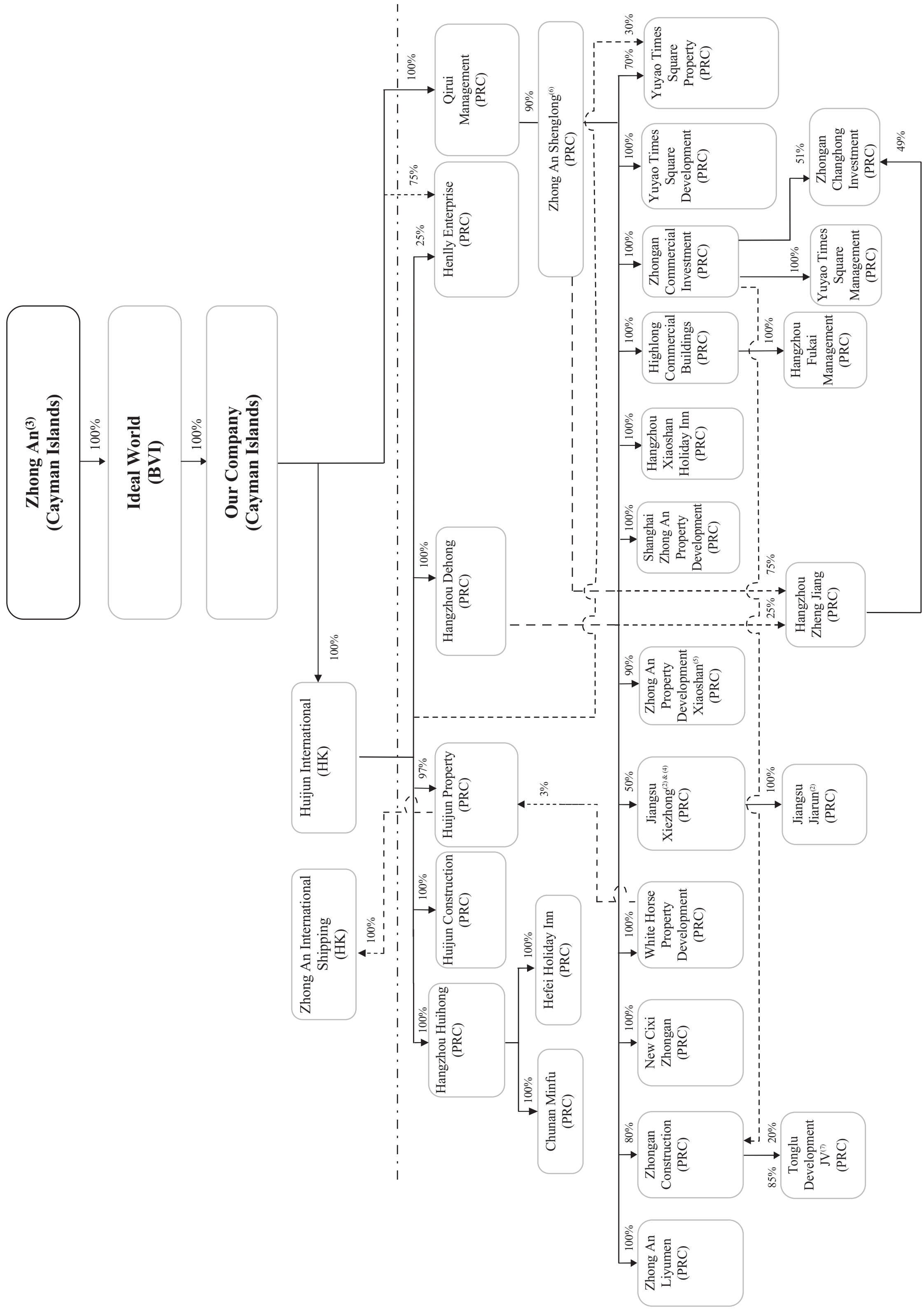
(e) in respect of residential properties where all residential apartments have been sold out, but with any unsold ancillary shops (which, based on the building ownership certificates, are designated for "commercial" use) and/or car parking spaces, the holding companies thereof have been included as members of our Group;

(f) in respect of the VC Hotel which is currently situated in the residential land owned by Anhui Zhong An Real Estate, a member of the Remaining Zhong An Group, and is currently under construction and therefore is incapable to be transferred to our Group, our Group has entered into the Land Acquisition Agreement and the Pre-opening Management Agreement with the Remaining Zhong An Group. Please refer to the sections headed "Business – Recent Developments – Land Acquisition Agreement and Pre-opening Management Agreement" and "Continuing Connected Transactions" in this prospectus for further details on the Land Acquisition Agreement and the Pre-opening Management Agreement; and

(g) in respect of various residential properties owned by members of the Remaining Zhong An Group with both unsold residential apartments and ancillary shops (which are commercial in nature), these car parking spaces and shops have remained with the Remaining Zhong An Group as they are ancillary to the residential properties and do not cast any meaningful competition to the business of our Group.

CORPORATE STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganization, but before the completion of the Spin-off, the Global Offering and the Capitalization Issue:



Notes:

1. The following table summarizes the brief details of each of our Group companies as of the Latest Practicable Date:

Name of Group companies	Date of incorporation	Place of incorporation	Principal activities	Percentage of equity interest attributable to our Company
Huijun International	March 4, 2005	Hong Kong	Investment holding	100%
Zhong An International Shipping	October 11, 2011	Hong Kong	Investment holding	99.7%
Chunan Minfu	October 24, 2003	PRC	Tourism development which includes property development	100%
Hangzhou Dehong	February 1, 2008	PRC	Investment holding	100%
Hangzhou Fukai Management	March 2, 2011	PRC	Investment holding	90%
Hangzhou Huihong	February 19, 2008	PRC	Investment management	100%
Hangzhou Xiaoshan Holiday Inn	May 28, 2007	PRC	Hotel management	90%
Hangzhou Zheng Jiang	March 16, 2006	PRC	Property development and property leasing	92.5%
Hefei Holiday Inn	March 18, 2008	PRC	Hotel management	100%
Henlly Enterprise	December 4, 2006	PRC	Property development	100%
Highlong Commercial Buildings	September 20, 2005	PRC	Property leasing	90%
Huijun Construction	July 16, 2008	PRC	Inactive	100%
Huijun Property	April 1, 2005	PRC	Property development	99.7%
New Cixi Zhongan	December 6, 2013	PRC	Property development	90%
Qirui Management	October 18, 2013	PRC	Investment holding	100%
Shanghai Zhong An Property Development	January 19, 2004	PRC	Property leasing	90%
Tonglu Development JV	March 31, 2014	PRC	City planning consultation services	76.5%
White Horse Property Development	June 27, 2002	PRC	Property development	90%
Yuyao Times Square Development	August 5, 2013	PRC	Property development	90%
Yuyao Times Square Management	December 6, 2011	PRC	Property management	90%
Yuyao Times Square Property	August 13, 2013	PRC	Property development	93%

Name of Group companies	Date of incorporation	Place of incorporation	Principal activities	Percentage of equity interest attributable to our Company
Zhongan Changhong Investment	August 26, 2011	PRC	Investment holding	91.2%
Zhongan Commercial Investment	August 1, 2011	PRC	Investment holding	90%
Zhongan Construction	December 17, 2013	PRC	Investment holding	90%
Zhong An Liyumen	April 21, 2014	PRC	Property development	90%
Zhong An Property Development Xiaoshan	April 3, 1997	PRC	Property leasing	81%
Zhong An Shenglong	September 9, 2013	PRC	Property development	90%

2. Our Group also holds the following companies, which are our joint ventures (and are not our subsidiaries):

Name of the companies	Date of establishment	Place of establishment	Principal activities	Percentage of equity interest attributable to our Company
Jiangsu Jiarun	September 9, 2011	PRC	Property development	45%
Jiangsu Xiezhong	April 14, 2011	PRC	Investment holding	45%

3. Zhong An is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 672).

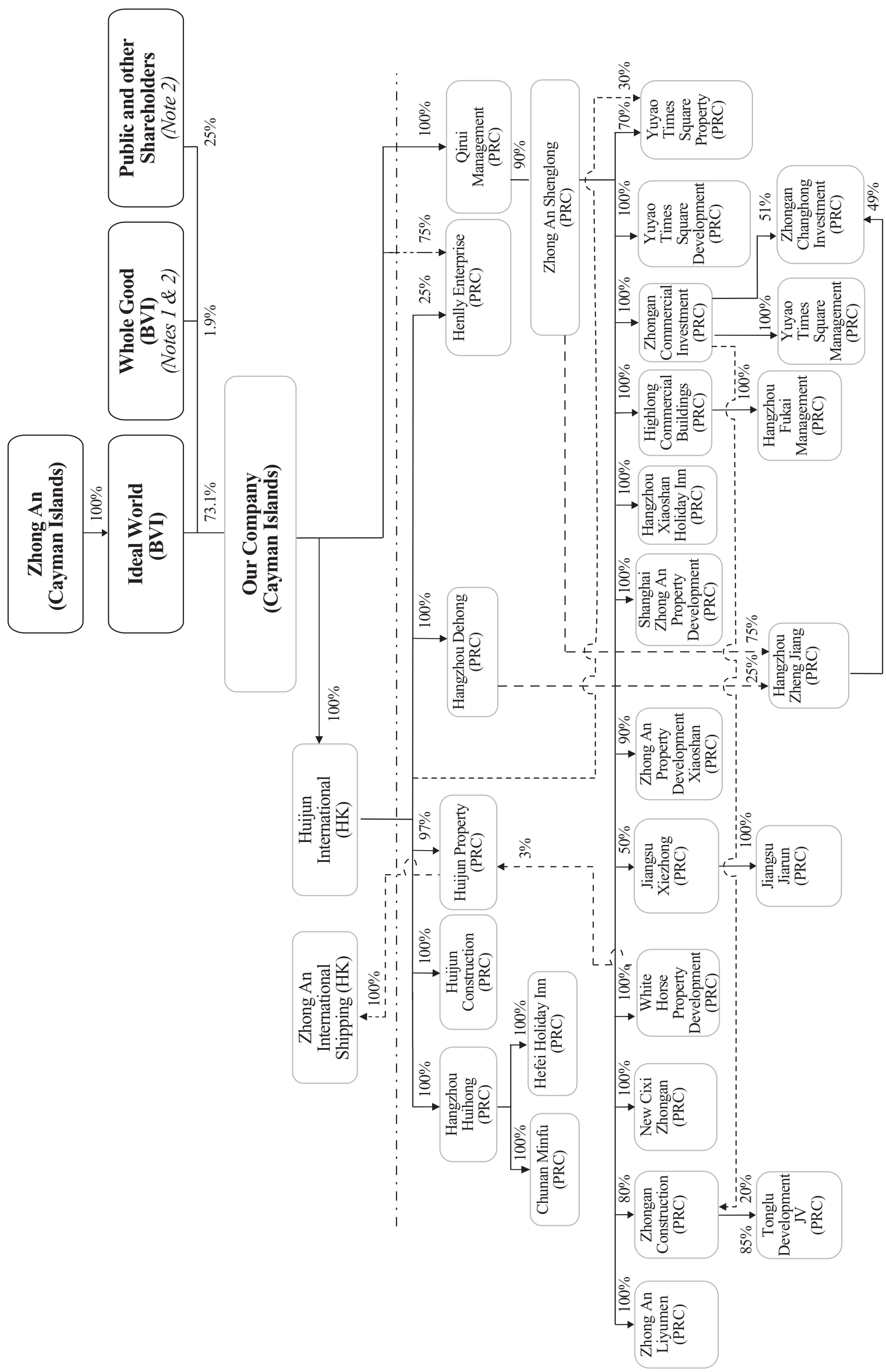
4. The remaining 50% issued share capital in Jiangsu Xiezhong was held by Jiangsu GCL Real Estate Co., Ltd.*（江蘇協鑫房地產有限公司）, an Independent Third Party. Jiangsu GCL Real Estate Co., Ltd.*（江蘇協鑫房地產有限公司） investment in Jiangsu Xiezhong was for the purpose of establishing long term cooperation with our Group.

5. The remaining 10% issued share capital in Zhong An Property Development Xiaoshan was held by Hangzhou Zhongqiang whose beneficial owners are Qi Xiaomin（戚小敏）and Chen Junmin（陳軍民）, Ms. Qi and Mr. Chen are also beneficial owners of Xiaoshan Yunzhongxia, a substantial shareholder of Zhong An Shenglong. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, neither Ms. Qi nor Mr. Chen is connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates. Hangzhou Zhongqiang investment in Zhong An Property Development Xiaoshan was for the purpose of establishing long term cooperation with our Group.

6. The remaining 10% issued share capital in Zhong An Shenglong was held by Xiaoshan Yunzhongxia, whose beneficial owners are Qi Xiaomin（戚小敏）and Chen Junmin（陳軍民）, Ms. Qi and Mr. Chen are also beneficial owners of Hangzhou Zhongqiang, a substantial shareholder of Zhong An Property Development Xiaoshan. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, neither Ms. Qi nor Mr. Chen is connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates. Xiaoshan Yunzhongxia investment in Zhong An Shenglong was for the purpose of establishing long term cooperation with our Group.

7. The remaining 15% issued share capital in Tonglu Development JV was held by Tonglu Tourism, a company designated (through Tonglu County Fengchuan Street Office*（桐廬縣鳳川街道辦事處）) and owned by Tonglu County State-owned Asset Management Committee*（桐廬縣國有資產管理委員會）and Tonglu County Fenshui Town Construction Investments Co., Ltd.*（桐廬縣分水鎮建設投資開發有限公司）, both Independent Third Parties. Tonglu Tourism investment in Tonglu Development JV was made pursuant to Tonglu Town Cooperation Agreement for the joint development of the Tonglu Town Project for the development of Tonglu New Town Site. For more information, please see the section headed "Business – Land Development" of this prospectus for further information.

The following chart sets out the shareholding and corporate structure of our Group immediately upon completion of the Spin-off, Global Offering and the Capitalization Issue (assuming that all Qualifying Zhong An Shareholders will take up their respective Assured Entitlement under the Preferential Offering in full, and without taking into account of any other Shares which may be taken up under the Global Offering):



Notes:

1. Among the Qualifying Zhong An Shareholders, Whole Good will be entitled to apply for up to 32,575,000 Reserved Shares under the Preferential Offering, representing approximately 1.9% of the issued share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue. As Whole Good is wholly owned by Mr. Shi and is therefore a connected person of our Company, it is not considered as public Shareholder of our Company.

2. Assuming that all Qualifying Zhong An Shareholders (including Whole Good) will take up their respective Assured Entitlement under the Preferential Offering in full, and without taking into account of any other Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, it is expected that our Company will have a public float of approximately 25.0% which complies with the minimum public float requirement under Rule 8.08 of the Listing Rules.

THE SPIN-OFF

The Listing is a Spin-off of Zhong An. The directors of Zhong An believe that the Spin-off and separate Listing of our Group is in the interests of Zhong An and Zhong An Shareholders as a whole for the following reasons:

- **Create pure play and investor focus for both groups**: the Spin-off and Listing of our Company will create a more defined business focus for both our Group and the Remaining Zhong An Group as our Group will be a pure play property developer for commercial properties in the PRC and the Remaining Zhong An Group will be a pure play property developer for residential properties in the PRC, which further enhance the branding and provide investors and public with greater investment focus for each group. In respect of lands for mixed commercial-residential use, without affecting our Group's and the Remaining Zhong An Group's obligations under the Non-compete Undertakings, our Group and the Remaining Zhong An Group will either separately bid for their respective commercial and residential parts of the development, respectively, or (where not feasible) we will not bid for the land unless we have been invited by, and have agreed on the terms and conditions with, the Remaining Zhong An Group to participate in a Joint Development as a Participating Developer in accordance with the mechanism as referred to in the section headed "Relationship with our Controlling Shareholders – Non-compete Undertakings – Joint property development on mixed commercial-residential use land projects" of this prospectus, in which case our Group and the Remaining Zhong An Group will jointly bid for the land, but (subject to compliance of the requirements under Chapter 14A of the Listing Rules and the relevant approvals from the PRC Government authorities) will own and develop their respective parts of the lands separately in accordance with the relevant terms and conditions of cooperation to be agreed between the two groups;

- **Better transparency for investors and public**: the Spin-off will increase the operational and financial transparency of our Group and provide investors the market and rating agencies with greater clarity on the businesses and financial status of our Group;

- **Better clarity and focus for management**: the Spin-off will enable the management of our Group and the Remaining Zhong An Group to efficiently allocate resources and focus on their respective businesses thereby enhancing the decision-making process and their responsiveness to market changes;

- **Better access to capital markets and increase financing flexibility**: the Spin-off will enable our Company and Zhong An to have separate fund raising platforms in the debt and equity capital markets, which will increase financing flexibility for both groups;

- **Continued benefits**: although the Spin-off will create two groups of companies which are believed to have different growth paths, business strategies and risks profile, it will offer investors with an opportunity to participate in the future development of both the Remaining Zhong An Group and our Group as Zhong An is expected to hold approximately 73.1% of our Group after the Spin-off and Listing of our Company (assuming that the Over-allotment Option is not exercised at all); and

- **Create more value for shareholders**: the Spin-off is expected to enhance the value for the shareholders of both Zhong An and our Company by better identifying and establishing the fair value of each of these businesses.

The Spin-off and separate Listing of our Group complies with the requirements of Practice Note 15 of the Listing Rules.

OVERVIEW

We are a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region. Our business comprised three main areas: (i) sale of properties, that is primarily the development of commercial properties for sale, namely offices, retail units and serviced apartments; (ii) property leasing and property management, that is the development, leasing and management of commercial properties, with a focus on integrated commercial complexes; and (iii) hotel operation, that is the investment in and operation of hotels. In the future, we will expand into the business of land development and other urbanization related businesses and services in different towns and counties in the PRC, which includes, among others, master site planning, expropriation of land, demolition and resettlement, public facilities and amenities construction (such as roads and pipe network connections), agricultural modernization, supply of agricultural products, wellness, and elderly management services, by entering into cooperation agreements with local government authorities in the PRC.

We believe that our integrated commercial complexes provide the convenience of a one-stop solution with a mixture of hotels, retail shops, F&B, office buildings, serviced apartments, and other ancillary facilities. Our flagship project, Highlong Plaza, situated in Xiaoshan district in Hangzhou with a total GFA of 171,071 sq.m., has become a well-recognized integrated commercial complex development consisting of hotels, shopping mall and offices. Highlong Plaza was awarded "Top Ten Quality Shopping Malls and Supermarkets（十大品質商場，超市)" by the Hangzhou Xiaoshan Trade Bureau（杭州蕭山區貿易局）and the honorary award "Top Ten Trade Circulation Enterprises of 2009 (2009年度十佳商貿流通企業) by the Hangzhou Xiaoshan Trade Bureau（杭州蕭山區貿易局）. During the Track Record Period, we leased the office units, shopping mall units and a portion of the hotels. Our tenants of our shopping mall units include international and domestic brands such as Starbucks, Haagen Dazs, KFC, Paul Frank, Izzue, Henglong Movie World（恒隆電影大世界）and Yizhijia Department Store（衣之家百貨）. Highlong Plaza is also the home of the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）and two national budget hotels, Ningbo Sanbi Hotel（寧波三碧酒店）and Hangzhou Youbang Hotel（杭州友邦酒店）, providing tourists with a shopping and dining experience. Apart from Highlong Plaza, as of December 31, 2013, we had developed and managed three additional integrated commercial complexes namely, Guomao Building, Integrated Service Center and Hidden Dragon Bay and have plans to develop three more, namely International Office Center, Zhong An Times Square and Jia Run Square.

In addition to the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）, as of December 31, 2013, we had plans to develop and operate six additional hotels, two of which we expect will be managed by us under our "Run Zhou" or "潤洲" brand and the remaining four we expect will be managed by internationally-renowned hotel operators, namely Hilton（希爾頓）, Fairmont（費爾蒙）, JW Marriott (JW萬豪) and Swissôtel（瑞士酒店）. Moreover, we have plans to develop and operate serviced apartments in our International Office Center (Plot A3) project, which we expect will be managed by property management companies, namely, Swissôtel（瑞士酒店）, Ascott Group（雅詩閣集團）and Fairmont（費爾蒙）. We believe that the operation of hotels and serviced apartments by internationally-renowned property management companies can enhance the profile and prospects of our hotel and serviced apartments and also increase traffic in the integrated commercial complexes in which they are located.

We sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. We believe this business model allows us to diversify our sources and timing of our revenue. Going forward, we will continue to adopt this business model, although we expect to sell a greater amount of our commercial properties in future as compared to our commercial property sales during the Track Record Period. This policy, however, is subject to our assessment from time to time of our overall financial condition, results of operations and cash flow requirements. We will also take into account the operation and management of the relevant commercial project, the attractiveness of the property to the market and the overall market conditions when we decide whether to keep a particular commercial project and how much of our portfolio to keep as investment properties.

By developing, investing in, selling, operating and managing properties, we have created a synergistic business model and multi-dimensional perspective as we are involved in the project at the outset when acquiring the land and conducting feasibility reports until the project is completed upon which we sell or lease our projects to our customers. We believe this enables us to effectively address the needs of our existing and potential tenants and purchasers and assist us in increasing the prices we command in our property sales and rentals. We believe that by holding, operating and managing properties, we have accumulated significant expertise in the commercial real estate market, which in turn strengthens the confidence level of the purchasers and occupiers of our properties in our ability to increase the market value of our projects, allows us to more easily identify opportunities to improve the services we provide to our current and future tenants, purchasers and occupiers, and enables us to increase the income derived from our properties over time.

We believe our structured approach to property development allows us to successfully and efficiently develop projects at reasonable costs, thereby increasing the appreciation potential of our properties. Before choosing a site for development, we thoroughly research local market conditions.

Since the commencement of commercial property development in 1996 in Hangzhou, as of April 30, 2014, we had a total of:

- eight completed projects with a total GFA of 854,943 sq.m.
- five projects under development with a total GFA of 1,245,194 sq.m.
- three projects held for future development with a total GFA of 629,938 sq.m.
- four projects contracted to be acquired with a total planned GFA of 1,214,217 sq.m.
- units in two completed buildings with a total GFA of 1,017 sq.m.

These projects and buildings are located in Jiangsu Province, Shanghai, Anhui Province and Zhejiang Province.

For the years ended December 31, 2011, 2012, and 2013, our revenue was RMB197.8 million, RMB164.3 million and RMB875.8 million, respectively. Our profit for the years ended December 31, 2011, 2012, and 2013 was RMB250.7 million, RMB86.5 million and RMB395.8 million, respectively.

OUR COMPETITIVE STRENGTHS

We are a regional player with established presence and experience in developing integrated commercial complexes

The majority of our property projects are situated in Zhejiang Province, where we have established our presence since the late 1990's. Unlike the intense competitive landscapes in first-tier cities and downtown areas of second-tier cities, we believe we have experienced relatively less competition in the areas where we operate. We also benefit from our networks of existing and potential purchasers, business owners and tenants.

We have a proven track record of developing and operating integrated commercial complexes in the Yangtze River Delta Region, which present strong historical economic development and potential for future growth. Our integrated commercial complexes are usually located in fast-growing and emerging city centres and typically include a mix of offices, shopping malls, which provide retail shops, restaurants and entertainment facilities to customers, hotels, and serviced apartments to provide customers the convenience of one-stop experience, which also creates high traffic flow to our properties.

Our flagship project, Highlong Plaza, is situated in Xiaoshan district in Hangzhou with a total GFA of 171,071 sq.m., and has become a well-recognized commercial property development in the area. Highlong Plaza was awarded "Top Ten Quality Shopping Malls and Supermarkets（十大品質商場，超市）" by the Hangzhou Xiaoshan Trade Bureau（杭州蕭山區貿易局）and the honorary award "Top Ten Trade Circulation Enterprises of 2009（2009年度十佳商貿流通企業）" by the Hangzhou Xiaoshan Trade Bureau（杭州蕭山區貿易局）. We believe that our projects have become well-recognized developments in their respective areas due to their prime locations, proximity to local transportation networks and our well-established property management team. Highlong Plaza achieved an occupancy rate of 92.2%, 92.2% and 89.1% for the years ended December 31, 2011, 2012 and 2013, respectively. Highlong Plaza's tenants include international and domestic brands such as Starbucks, Haagen Dazs, KFC, Paul Frank, Izzue, Henglong Movie World（恒隆電影大世界）and Yizhijia Department Store（衣之家百貨）and is also the home to the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）and two national budget hotels, namely Ningbo Sanbi Hotel（寧波三碧酒店）and Hangzhou Youbang Hotel（杭州友邦酒店）, providing tourists with a shopping and dining experience.

Apart from Highlong Plaza, as of December 31, 2013, we had developed and managed three additional integrated commercial complexes namely, Guomao Building, Integrated Service Center and Hidden Dragon Bay and have plans to develop three more, namely International Office Center, Zhong An Times Square and Jia Run Square.

We have an established business model where we strategically retain long-term ownership of selected properties for recurring rental income and sell a mix of commercial properties for capital growth

Our business model is designed to balance short-term capital needs and long-term financial strength. While we generally retain our commercial properties upon completion, we primarily sell a mix of office, and serviced apartments for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. This allows us to generally fund our operations through cash flows stemming from rental income derived from our commercial properties, while allowing us to benefit from additional capital from the sale of properties for our overall operations. We are also able to enjoy potential capital appreciation on our commercial properties over the long term to take advantage of prime locations of our commercial properties. For the years ended December 31, 2011, 2012 and 2013, revenue generated from property leasing and property management accounted for 33.4%, 44.5%, and 9.1% of our total revenue, and revenue generated from property sales accounted for 37.6%, 22.7% and 84.9% of our total revenue, respectively.

We have a scalable business with replicable business model

We believe our stable tenant and purchaser base and structured approach to project planning and positioning allow us to replicate our successful business model and rapidly expand into new strategic locations. In addition, our expertise and experience in successfully operating integrated commercial complexes enable us to effectively access the consumption power and consumer demands in our target locations to achieve the success of our operations.

For example, in 1998 we completed the development of Guomao Building, a 15-storey commercial complex with two national budget hotels, and a shopping centre in the commercial center of Xiaoshan district, Hangzhou, followed by the completion of Integrated Service Center in 2005, which is a seven-storey building consisting of offices, serviced apartments, and a shopping mall located in an old town area of Xiaoshan district of Hangzhou with tenants such as Centurymart (世紀聯華超市). In 2007, we commenced operations of Highlong Plaza, which we have since then managed and attracted international and well-known national lessees such as Starbucks, KFC, Haagen Dazs, Paul Frank, Izzue, Yizhijia Department Store (衣之家百貨), Henglong Movie World (恒隆電影大世界) and international and national hotel brands such as Holiday Inn (假日酒店), Ningbo Sanbi Hotel (寧波三碧酒店) and Youbang Hotel (杭州友邦酒店). In addition, in 2013 we completed our latest integrated commercial complex, Hidden Dragon Bay, located in Wenyan Town, which consists of leisure mansions, serviced apartments, shopping mall with retail shops, which include restaurants and a cinema, street shops, and car parking spaces.

Since commencing commercial property development in 1997, as of April 30, 2014, we have expanded our operations to include eight completed projects, five projects under development, three projects held for future development, four projects contracted to be acquired and units in two completed buildings.

We have established long-term relationships with well-recognized brands

We provide a convenient one-stop solution for customers visiting our integrated commercial complexes, offering a diverse range of products and services, including shopping, dining, hospitality, recreation, entertainment and business. We seek to maintain the quality and attractiveness of our integrated commercial complexes by actively managing an optimal tenant mix and seeking to establish long-term relationships with domestic and international brands across a wide spectrum of industries including brands, such as Starbucks, KFC, Haagen Dazs, Centurymart（世紀聯華超市）and Henglong Movie World（恒隆電影大世界）, who generally have entered into lease agreements for a period of eight to 15 years, and international and national hotel brands such as Holiday Inn（假日酒店）, Hilton Doubletree（希爾頓逸林）, Fairmont（費爾蒙）, JW Marriott (JW萬豪), Swissôtel（瑞士酒店）, and Jinjiang Inn（錦江之星）, who generally have entered into management agreements for a period of ten to 25 years. We believe our long-term relationships with these brands enhance our ability to secure recurring rental income.

Generally, most of our leases with major tenants are for a term of eight to 15 years and our relationship with hotel and serviced apartment brands such as Holiday Inn（假日酒店）, Hilton Doubletree（希爾頓逸林）, Fairmont（費爾蒙）, JW Marriott (JW萬豪), and Swissôtel（瑞士酒店）are or are expected to be for a term of ten to 25 years. We believe that securing such long-term relationships enables us to enhance the profile, reputation and desirability and pedestrian traffic of our integrated commercial complexes, which in turn, will increase the overall value of the projects and our profitability. In addition, by forging close and long-term working relationships with such brands, we believe we can better serve their needs and preferences.

We believe that by understanding the needs of our tenants, we will be able to increase operating efficiencies and lower our risks in future projects. We also believe cooperation with our tenants will enable us to replicate our success in projects located in other regions across China.

We have close cooperation with local governments

We collaborate closely with local governments and their affiliates throughout the planning, development and operation of land development in new towns and cities in the PRC. In November 2013, we entered into the Baita Town Cooperation Agreement and Tonglu Town Cooperation Agreement regarding the formation of joint ventures with the affiliates of the local government for the development of land in these towns.

We typically obtain exclusive rights for the management and development of lands where the new town projects are to be built as we believe that the local governments value our extensive experience in property development, which will enhance the long-term potential of these new town projects. We believe such exclusive rights allow us to work closely with the local governments and to better manage our costs and the overall planning of these projects. The close working relationship with local governments enables us to better understand the specific needs and requirements of the local governments, which further enhances our planning, design and development capability.

We have an experienced and stable management team

Our executive and non-executive Directors and senior management team have on average more than 15 years of experience in the PRC real estate industry, with extensive strategic planning, business management and operational capabilities. For example, Shi Kancheng (alias Shi Zhongan), has over 20 years experience in the property development and property investment industry, and our executive Director Jin Ni (金妮), has over 15 years of experience in managing commercial properties and has been awarded "Top Ten Chairman (General Managers) (十佳董事長(總經理))" by Hangzhou Xiaoshan Commerce Bureau (杭州市蕭山區商務局) regarding Highlong Plaza for the years 2010, 2011, 2012 and 2013. Most of our executive and non-executive Directors and senior management personnel have been working with us for an average of more than nine years, and form a stable core team which has operated well together. We believe the stability of our management team, the extensive experience of its members in the commercial property industry and its in-depth understanding of the commercial property market in our target regions should enable us to continue to take advantage of future business opportunities and expand into new markets.

OUR BUSINESS STRATEGIES

We will continue to enhance our property operation service and hotel service capabilities to further increase the attractiveness and value of our properties

Our property management services are an important part of our business and we believe it serves a critical role in enhancing the value and environment of our developments, which in turn increases the rental income and the value of our properties. We intend to strengthen our property management services by (i) further improve on the standardization of our property management services for all our projects which we manage; (ii) provide additional training to staff to ensure staff are knowledgeable in their field of work; and (iii) continue to conduct site inspections of our projects to ensure the projects are managed to our standards, striving to offer the highest level of services to tenants and residents and to achieve industry-leading customer satisfaction.

As of December 31, 2013, we developed and operated one hotel in our Highlong Plaza project, namely, Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) and had plans to develop and operate six additional hotels. We expect two of these hotels will be managed by us under our "Run Zhou" or "潤洲" brand and the remaining four we expect will be managed by internationally-renowned hotel operators, namely, Hilton Doubletree (希爾頓逸林), Fairmont (費爾蒙), JW Marriott (JW萬豪) and Swissôtel (瑞士酒店). Moreover, we have plans to develop and operate serviced apartments in our International Office Center (Plot A3) project, which we expect will be managed by property management companies, namely, Swissôtel (瑞士酒店), Ascott Group (雅詩閣集團) and Fairmont (費爾蒙). Our goal is to establish high quality and distinctive property operation services and hotel services. We believe that the management of our hotels and serviced apartments by internationally-renowned property management companies can enhance the profile and prospect of our hotel properties and serviced apartments and also increase pedestrian traffic in the corresponding projects.

We will continue to optimize tenant mix and increase recurring rental income

As our portfolio of investment properties grows, we will continue to optimize our tenant mix and diversify our tenant base in order to increase our recurring rental income and reduce our operation risks. We aim to take a flexible and proactive approach to our lease negotiations and seek out potential tenants who we think may add value to our integrated commercial complexes. Certain potential tenants have also indicated an interest to lease units in our projects. We believe that by maintaining our existing major tenants and attracting potential quality tenants, we will be able to diversify our tenant base, achieve an optimal level of tenant mix for our integrated commercial complexes and thereby enhancing our rental income and property value. We aim to continue to grow our investment property portfolio in order to increase rental income as a proportion of our total revenue and maintain a balance between returns from our properties for sale and investment properties.

We will continue to maintain a mix of developments for sale and developments for investment purposes

We maintain a mix of commercial properties to generate recurring income and enhance our long-term financial strength, as well as income from property sales. We sell certain properties for immediate return of capital to fund our business operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. We believe this business model allows us to diversify our sources and timing of our revenue. Going forward, we will continue to follow this business model, although we expect to sell a greater amount of our commercial properties in the future as compared to our commercial property sales during the Track Record Period.

We will promote our brand recognition across China

As the Listing is a proposed Spin-off, which involves spinning-off our Group from Zhong An Group, our properties used to be promoted under the “Zhong An” brand. Going forward, we intend to promote our “China New City (中國新城市)” brand name by continuing to focus on increasing the appeal of our integrated commercial complexes we develop and by seeking to distinguish ourselves from our competitors by offering projects in strategically selected locations. We will also continue to maintain and enhance the quality and value of our commercial projects by continuing to secure well-known tenants. We believe that by continuing to offer properties which meet the needs of local residents and our customers, we will be able to promote our brand recognition and reputation, which in turn will help us to replicate our success in other cities.

We will expand our business into land development and other urbanization related businesses and services to capture development opportunities from the continued urbanization in the PRC

We will continue to focus our commercial property development business in the Yangtze River Delta Region and we intend to further expand into land development and other urbanization related businesses and services such as agricultural modernization and elderly management services in towns and counties in the PRC which have demonstrated strong potential for economic development.

Designing, planning and developing areas in China is usually carried out by state-owned enterprises or business entities affiliated with the PRC Government. Our Company is among the few non-state owned companies to cooperate with the PRC Government in the development of towns and counties in the PRC. When entering into joint ventures with local governments, we typically obtain exclusive development and management rights over the land we develop.

We believe that by expanding our business to land development and other urbanization related businesses and services we will be able to (i) capture development opportunities from the continued urbanization of the PRC; (ii) reach out to new markets and new business opportunities which will allow us to diversify our sources of revenue and generate additional income; (iii) have an edge over our competitors in the private sector with our close cooperation with local governments as it enables us to better understand the specific needs and requirements of the local governments and therefore, further enhances our planning, design and development capability and strengthens our position as a commercial property developer; (iv) benefit from the future growth in the towns and counties; and (v) benefit from the "first mover" advantage as few non state-owned enterprises cooperate with the PRC Government in the development of towns and counties in the PRC.

In addition, we believe that by expanding into land development and other urbanization related businesses and services in towns and counties we will also be able to contribute to the local economy by creating new jobs, generating tax revenue, accelerating the urbanization process and boosting local industries. We also believe that we will be able understand and benefit from our understanding of the local economy and development plans of the towns and counties in which we conduct land development and other urbanization related businesses and services and use such knowledge to our benefit in future. Please refer to the section headed "Industry Overview" in this prospectus for further information regarding urbanization and development trends of the PRC.

We have a proven track record as a commercial property developer and we believe our track record has allowed us to become a joint venture partners to local governments who wish to develop new towns and carry out infrastructure planning, as demonstrated by the signing of the Baita Town Cooperation Agreement, the Tonglu Town Cooperation Agreement, the Town Urbanization MOUs, and the China Development Bank Cooperation Agreement. Once we sign legally binding cooperation agreements for our Town Urbanization MOUs, we plan to hire additional senior management and staff with relevant experience in each of those areas to help further our expansion plans in urbanization related businesses and services.

Please see the paragraphs headed "– Recent Business Developments" and "– Land Development" in this section for further information.

RECENT DEVELOPMENTS

As of the Latest Practicable Date, we had the following recent developments:

- **Acquisition of the Qiandao Lake Land**

As per the Qiandao Lake LURC, we acquired the Qiandao Lake Land on May 28, 2014. The Qiandao Lake Land is located in the southwest of Qiandaohu Town, Chunan County, Hangzhou, Zhejiang Province, the PRC. The site is in proximity to the tourist attraction Hangzhou Qiandao Lake and will form part of our Hangzhou Qiandao Lake Run Zhou Resort Hotel project. Qiandao Lake Land is expected to be held by Chunan Minfu, a subsidiary of our Company in which 100% equity interest is attributable to our Company, upon completion of the Reorganization.

The principal terms and conditions of the Qiandao Lake LURC are set out below:

Date:	May 28, 2014
Parties:	(1) Chunan Minfu (2) Chunan County Land Resource Bureau
Land for transfer:	The total site area is 6,805 sq.m. The total gross floor area of the buildings to be constructed on the site cannot exceed 2,041 sq.m. The average land cost for the land is approximately RMB2,815 per sq.m.
Term of land use right:	40 years from the actual date of delivery of the Qiandao Lake Land
Land grant price:	RMB5,746,548 (equivalent to approximately HK$7,229,635) (the "**Land Grant Price**") Chunan Minfu shall pay the Land Grant Price in two equal installments: ● RMB2,873,274 of the Land Grant Price shall be paid before June 27, 2014; and ● the balance of RMB2,873,274 shall be paid before November 27, 2014

Source of funding for the Land Grant Price:	Our Group's internal resources
Use and development of the Qiandao Lake Land:	Commercial purpose
Other principal terms:	– Chunan Minfu is entitled to the possession, usage, benefit from and the right of disposal in relation to the commercial portion of the Qiandao Lake Land, and is entitled to construct any building, structure and other ancillary facilities on the land in accordance with the applicable laws – Subject to the payment by Chunan Minfu of the Land Grant Price, Chunan County Land Resource Bureau shall deliver the Qiandao Lake Land to Chunan Minfu before November 27, 2014 – Chunan Minfu is required to commence construction of the Qiandao Lake Land before November 27, 2015 and to complete construction before November 27, 2018 – The Qiandao Lake Land must be developed and constructed in accordance with the terms and conditions as prescribed under the Qiandao Lake LURC and can only be used for commercial purposes

– A liquidated damage for an amount equal to 0.05% of the Land Grant Price per day will be payable by Chunan Minfu to Chunan County Land Resource Bureau if Chunan Minfu fails to commence the construction of the commercial portion of the Qiandao Lake Land in accordance with the prescribed time limit under the Qiandao Lake LURC (or such other extended deadline as agreed between the parties). The land use right over the Qiandao Lake Land can be subject to forfeiture by Chunan County Land Resource Bureau if Chunan Minfu fails to commence construction thereof within two years of the relevant prescribed deadline

– A liquidated damage for an amount equal to 0.05% of the Land Grant Price per day will be payable by Chunan Minfu to Chunan County Land Resource Bureau if Chunan Minfu fails to complete the construction of the commercial portion of the Qiandao Lake Land in accordance with the prescribed time limit under the Qiandao Lake LURC (or such other extended deadline as agreed between the parties)

- **Expansion into urbanization related businesses and services**

In order to capture the business and development opportunities arising from the continued urbanization of towns and counties in the PRC, particularly in relation to the land located in those towns and counties which are to be developed by the Group, Zhongan Construction has entered into (i) the Town Urbanization MOUs, for the proposed cooperation in relation to the modernization of the agricultural industry in Tonglu County and Taizhou, the introduction of Japanese agricultural industry knowledge and techniques into the PRC, the supply of agricultural products, the provision of elderly management services in new towns in the PRC, and the development of land in Lubu Town and the provision of related assistance in the planning of the development thereof; and (ii) a cooperation agreement with China Development Bank, in relation to the investment in, and the financing of the urbanization and development of new towns in Zhejiang Province, PRC.

(i) The principal terms and conditions of the Town Urbanization MOUs are set out below:

(A) Tonglu County Agricultural Modernization MOU

Date:	April 21, 2014	
Parties:	(1)	Zhongan Construction
	(2)	Tonglu County Government
Principal terms of cooperation:	–	The parties intend to cooperate with each other for the modernization of the agricultural industry in Tonglu County. This includes conducting studies on matters relating to modern agricultural organization models, product development, cultivation technologies, market demand and modes of supply, and to provide solutions in relation thereto
	–	Zhongan Construction will assist in introducing international modernized agricultural development ideas, advanced technologies, modes of marketing, management methods and related expert(s)
	–	Tonglu County Government will provide information in relation to the agricultural industry in Tonglu County, including, but not limited to, information on organization management, product varieties, supply of products in the market, cultivation methods, soil, water supply, fertilizers and seeds

(B) Taizhou Agricultural Modernization MOU

Date:	April 21, 2014
Parties:	(1) Zhongan Construction (2) Taizhou Government
Principal terms of cooperation:	– The parties intend to cooperate with each other for the modernization of the agricultural industry in Taizhou. This includes conducting studies on matters relating to modern agricultural organization models, product development, cultivation technologies, market demand and modes of supply, and to provide solutions in relation thereto – Zhongan Construction will assist in introducing international modernized agricultural development ideas, advanced technologies, modes of marketing, management methods and related expert(s) – Zhongan Construction will regard Taizhou as a key investment area and Taizhou will be prioritized for new investment projects – Taizhou Government will provide information in relation to the agricultural industry in Taizhou, including, but not limited to information on organization management, product varieties, supply of products in the market, cultivation methods, soil, water supply, fertilizers and seeds

(C) Japanese Agricultural Industry Techniques MOU

Date:	April 22, 2014
Parties:	(1) Zhongan Construction (2) Takasaki Corporation
Principal terms of cooperation:	– The parties intend to cooperate with each other for introducing Japanese agricultural industry knowledge and techniques into the PRC – Zhongan Construction will appoint Takasaki Corporation for the provision of the commercial planning of sustainable agricultural models and related technique proposals and the commercial planning of and related technique proposals for the production, processing and distribution of fresh and healthy fruits and vegetables – Takasaki Corporation will assist in providing guidance regarding agricultural operations including soil diagnosis and improvement, system support for profitable agriculture, training support, exchange of expertise, cooperation in agricultural technical guidance and experience for exchange students sent to Japan from the PRC, guidance on the construction, operation and quality control of vegetables cutting plant, support on the design of food (vegetables), support on various business strategies and support on marketing operation (branding and marketing etc.)

(D) Zhejiang Sci-Tech University Agricultural Products Supply MOU

Date:	April 21, 2014
Parties:	(1) Zhongan Construction
	(2) Zhejiang Sci-Tech University
Principal terms of cooperation:	– Zhejiang Sci-Tech University intends to procure from Zhongan Construction agricultural products produced by Zhongan Construction and its cooperation partner(s) if these products are of a higher quality (in terms of product safety, quality and convenience aspects) than those currently purchased by Zhejiang Sci-Tech University
	– Zhongan Construction intends to supply Zhejiang Sci-Tech University with agricultural products to be produced based on modern agricultural methods, cultivation technologies and improved soil, water, seeds and fertilizers

(E) Shenzhen Nottingham Elderly Management Services MOU

Date:	April 21, 2014
Parties:	(1) Zhongan Construction
	(2) Shenzhen Nottingham
Principal terms of cooperation:	– The parties intend to cooperate with each other for the joint development of elderly management services in new towns in the PRC
	– Zhongan Construction will provide information regarding market demand and will be responsible for liaising with the local PRC Government and related authorities of the related new towns. Zhongan Construction will also provide the relevant human resources and resources for medical, health care and business services for the joint development

– Shenzhen Nottingham will provide proposals in relation to design, management, services, equipment configuration, qualifications of employees for elderly management services in new towns in the PRC

– Shenzhen Nottingham will assist in providing training and daily guidance to the employees

(F) Lubu Town Urbanization MOU

Date:	April 21, 2014
Parties:	(1) Zhongan Construction
	(2) Lubu Town Government
Principal terms of cooperation:	– The parties intend to cooperate with each other for the development of land in Lubu Town and the provision of related assistance in the planning of the development thereof
	– Zhongan Construction, or its associated company, and Lubu Town Government or its associated company will form a joint venture company. The joint venture company will carry out organization, planning, investment and operation of the development of land in Lubu Town

– The establishment of the joint venture company is intended for:

(i) the development of land located north of Lubu Town Yucai Road, south of Guzha Xian, east of Zhongshan North Road and Xinqiao Pu Road, covering an area of approximately 1,500 mu.. Such development includes reformation of land, construction of infrastructure facilities, improvements to the overall environment and development of services for business, education, sports, entertainment and residential purpose;

(ii) the redevelopment of Lubu Street of approximately 500 metres long, thereby improving the overall quality of life for the surrounding population and development as a tourist area;

(iii) modernization of the agricultural industry in farming, processing and distribution of products and introduction of modern information technologies and thereby guiding farmers towards industrialization and promoting urbanization;

(iv) further integration of resources, the increase in development in tourism, promotion of a variety of tours including leisure tours and sightseeing tours to fulfill market demands;

(v) the development of suitable elderly facilities in an area located in the woodlands east of Zhongshan Park in Lubu Town, covering an area of approximately 10,000 mu.;

– The joint venture company shall be responsible for the development, construction, investment and working capital and shall establish a company(ies) for the operation of each of the projects

– Lubu Town Government will render assistance in handling related approval procedures for the operation of the joint venture company and the obtaining of all types of certificates

– Lubu Town Government shall be responsible for the construction of roads and water, electricity, gas, telecommunications and water sewage etc. networks for the area outside of the cooperation area and shall handle matters related to resumption of land

– Lubu Town Government shall be responsible for tax relief, subsidies and various preferential policies for the business cooperation

– Zhongan Construction will assist the joint venture company in scientific planning and preparation of feasibility study reports

– Zhongan Construction will introduce agricultural product processing techniques, logistics and trading systems, and improve efficiency of the agricultural industry thereby guiding farmers towards industrialization and promoting urbanization

– Zhongan Construction will promote tourism and the health industry, improve business facilities and provide modern consumer services

– Zhongan Construction will introduce healthcare education resources

Each of the Town Urbanization MOUs is non-legally binding and the parties thereto have agreed that they will enter into separate cooperation agreement(s) in due course to further the proposed terms of cooperation contained therein.

Once we sign legally binding cooperation agreements for our Town Urbanization MOUs, we plan to hire additional senior management and staff with relevant experience in each of those areas to help further our expansion plans in urbanization related businesses and services.

(ii) The principal terms and conditions of the China Development Bank Cooperation Agreement are set out below:

Date:	April 24, 2014
Parties:	(1) Zhongan Construction (2) China Development Bank
Purpose:	To establish a new comprehensive financial cooperation arrangement between the parties for the urbanization of, and the promotion of the implementation of the strategies in relation to the development of, new towns in Zhejiang Province, PRC
Principal terms of cooperation:	– Zhongan Construction shall invite China Development Bank to participate in projects regarding new town development, and shall provide China Development Bank with information thereof such as strategic planning, investment and financing arrangements – China Development Bank shall participate in planning of the development of the new towns (which includes research and preparation of feasibility studies), and shall provide consultation services in relation to mid- to long-term strategic development and financing arrangements in respect thereof to Zhongan Construction

– The parties shall cooperate with each other in relation to the investment in and the financing of the development projects involved in the urbanization of these new towns. China Development Bank shall conduct research on and formulate credit policies and provide comprehensive financial services for the cooperation projects

– Zhongan Construction shall provide China Development Bank with information in relation to development projects that are in an advanced planning stage for further business cooperation between the parties

– Zhongan Construction will have the preemptive right for the provision of financing of the cooperation projects and shall prioritize to use the financial services provided by China Development Bank

– The parties will enter into separate cooperation agreement(s) for each cooperation project

Validity period: Five years commencing from the date of signing of the China Development Cooperation Agreement

We believe that by entering into the China Development Cooperation Agreement our cooperation with China Development Bank in relation to town planning and development for the urbanization of new towns in Zhejiang Province, PRC will be enhanced, which would facilitate future financing of our new town development projects.

We will disclose any updates in relation to the transactions contemplated under these Town Urbanization MOUs and the China Development Bank Cooperation Agreement in our interim and annual report and will comply with the applicable announcement and/or shareholders' approval requirements under the Listing Rules.

- **Acquisition of the commercial portion of Chaoyang Community Site**

As per the Chaoyang Community LURC and the Supplemental Chaoyang Community Commercial LURC, we acquired the commercial portion of the Chaoyang Community Site on April 3, 2014.

Details of the Chaoyang Community LURC are as follows:

On 3 April 2014, Zhejiang Zhong An (a member of the Remaining Zhong An Group) entered into the Chaoyang Community LURC with Hangzhou Land Bureau and Hangzhou Xiaoshan Government for the acquisition of the Chaoyang Community Site at an aggregate land grant price of RMB736,390,000 (equivalent to approximately HK$926,439,876), being the aggregated price for the land use right of the Chaoyang Community Site. The Chaoyang Community Site is designated for residential and commercial development, with separate portion for the respective part, and with land use right of 70 years and 40 years, respectively. It has a total site area of 46,703 sq.m. (36,162 sq.m. for residential purposes and 10,541 sq.m. for commercial purposes). Based on the plot ratio of the range of 2.3 to 2.8 for the residential portion and the range of 2.5 to 3.5 for the commercial portion as the prescribed planning parameters for the development of the site, the total gross floor area of the buildings to be constructed on the site would not exceed 138,148 sq.m. (101,254 sq.m. to be used for residential purposes and 36,894 sq.m. to be used for commercial purposes), representing an average land cost of approximately RMB5,330 per sq.m (RMB5,091 per sq.m for the residential portion and RMB5,988 per sq.m for the commercial portion).

The Chaoyang Community Site is located in Chaoyang Community, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC. The site is in proximity to hospitals, schools, shopping malls and Xianghu, a famous tourist site of Hangzhou, and is near to the Hangzhou Metro Line 2, which is currently under construction and expected to be completed by the year 2016.

To ensure clear business delineation between us and the Remaining Zhong An Group for the purpose of the Spin-off, pursuant to the Chaoyang Community LURC, the parties agreed that the respective rights and obligations in relation to the residential and commercial portions thereof will be novated to Zhejiang Zhong An (a member of the Remaining Zhong An Group) and Zhong An Shenglong (a member of our Group) (or their respective project companies as approved by Hangzhou Land Bureau), respectively, by entering into supplemental agreements with Hangzhou Land Bureau.

The principal terms and conditions of the Supplemental Chaoyang Community Commercial LURC are set out below:

Date:	April 3, 2014
Parties:	(1) Zhong An Shenglong
	(2) Hangzhou Land Bureau
	(3) Hangzhou Xiaoshan Government

Land for transfer:	The commercial portion of the Chaoyang Community Site, the site area of which is 10,541 sq.m., representing approximately 22.6% of the Chaoyang Community Site site area. Based on the plot ratio of the range of 2.5 to 3.5 for the commercial portion as the prescribed planning parameters for the development of the commercial portion of the Chaoyang Community Site, the total gross floor area of the buildings to be constructed on the commercial portion of the Chaoyang Community Site would be between the range of approximately 26,352 sq.m. to 36,894 sq.m.. The average land cost for the commercial portion is approximately RMB8,383 per sq.m. to RMB5,988 per sq.m..
Term of land use right:	40 years from the actual date of delivery of the commercial portion of the Chaoyang Community Site
Commercial land grant price:	RMB220,917,000 (equivalent to approximately HK$277,931,963) (the "**Commercial Land Grant Price**") Zhong An Shenglong shall pay the Commercial Land Grant Price in two equal installments. ● RMB110,458,500 of the Commercial Land Grant Price shall be paid before April 17, 2014*(Note)*; and ● the balance of RMB110,458,500 shall be paid before September 25, 2014
Source of funding for the Commercial Land Grant Price:	Our Group's internal resources
Use and development of the commercial portion of the Chaoyang Community Site:	Commercial purpose, properties to be developed on commercial portion of the Chaoyang Community Site is permitted for pre-sale

Note: RMB110,458,500 was paid on April 15, 2014.

Other principal terms:

– Zhong An Shenglong is entitled to the possession, usage, benefit from and the right of disposal in relation to the commercial portion of the Chaoyang Community Site, and is entitled to construct any building, structure and other ancillary facilities on the land in accordance with the applicable laws

– Subject to the payment by Zhong An Shenglong of the Commercial Land Grant Price, Hangzhou Xiaoshan Government shall deliver the commercial portion of the Chaoyang Community Site to Zhong An Shenglong before December 25, 2014

– Zhong An Shenglong is required to commence construction of the commercial portion of the Chaoyang Community Site before December 25, 2015 and to complete construction before December 25, 2018

– The commercial portion of the Chaoyang Community Site must be developed and constructed in accordance with the terms and conditions as prescribed under the Supplemental Chaoyang Community Commercial LURC and for commercial purpose only

– A liquidated damage for an amount equal to 0.05% of the Commercial Land Grant Price per day will be payable by Zhong An Shenglong to Hangzhou Land Bureau if Zhong An Shenglong fails to commence the construction of the commercial portion of the Chaoyang Community Site in accordance with the prescribed time limit under the Supplemental Chaoyang Community Commercial LURC (or such other extended deadline as agreed between the parties). The land use right over the commercial portion of the Chaoyang Community Site can be subject to forfeiture by Hangzhou Land Bureau if Zhong An Shenglong fails to commence construction thereof within two years of the relevant prescribed deadline

– A liquidated damage for an amount equals to 0.05% of the Commercial Land Grant Price per day will be payable by Zhong An Shenlong to Hangzhou Land Bureau if Zhong An Shenlong fails to complete the construction of the commercial portion of the Chaoyang Community Site in accordance with the prescribed time limit under the Supplemental Chaoyang Community Commercial LURC (or such other extended deadline as agreed between the parties)

- **Establishment of Tonglu Development JV**

As per the Tonglu Town Cooperation Agreement, on March 31, 2014, we established Tonglu Development JV with Tonglu Tourism through which we plan to develop the Tonglu New Town Site.

Details of Tonglu Development JV are as follows:

Shareholders:	(1) Tonglu Tourism as to 15% of Tonglu Development JV (2) Zhongan Construction as to 85% of Tonglu Development JV
Registered capital:	RMB100 million
Date of establishment:	March 31, 2014

Tonglu Development JV is expected to be engaged in the development of the Tonglu Town Project. As of the Latest Practicable Date, Tonglu Development JV had not yet commenced business.

Please see the paragraph headed "– Land Development" in this section for further information.

- **Land Acquisition Agreement and Pre-opening Management Agreement**

On March 20, 2014, we entered into the Land Acquisition Agreement with Anhui Zhong An Real Estate pursuant to which Anhui Zhong An Real Estate will sell the land on which the VC Hotel is situated together with the buildings under construction thereon to us.

Completion of the Land Acquisition Agreement shall be conditional upon fulfillment or waiver of the conditions precedent as further described below. In the event that any of such conditions precedent cannot be fulfilled or waived and the Land Acquisition Agreement is terminated, the completion of the Land Acquisition

Agreement will not proceed and the Remaining Zhong An Group will continue to own the VC Hotel, but the Remaining Zhong An Group will be restricted from investing, developing and operating the VC Hotel as a hotel or for other purpose that may constitute Restricted Business of the Remaining Zhong An Group under the Non-compete Undertakings as more particularly described in the section headed "Relationship with our Controlling Shareholders – Non-compete Undertakings" in this prospectus.

In addition, we have entered into a Pre-opening Management Agreement with Anhui Zhong An Real Estate regarding the management of the VC Hotel. Please see the paragraph headed "– Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated and managed by us" in this section for further information.

Set forth below are the principal terms and conditions of the Land Acquisition Agreement:

Vendor:	Anhui Zhong An Real Estate, a group member of the Remaining Zhong An Group
Vendor's address:	Building E, Jinhua Estate Vancouver City No. 297 Renmin East Road Huaibei City Anhui Province
Purchaser:	Hangzhou Huihong
Conditions precedent:	completion of the Land Acquisition Agreement shall be conditional upon, among others, completion of the construction of the VC Hotel, the obtaining of the requisite land use rights certificate (with the use being changed to commercial use) and building ownership certificates in respect of the VC Hotel and other conditions precedent as further described therein
Termination:	The Land Acquisition Agreement shall be terminated if (i) any of the conditions precedent as mentioned above are not fulfilled or (where applicable) waived before the earlier of (a) one year after completion of construction and completion acceptance inspection and filing of VC Hotel or (b) December 31, 2016 (or such later date as agreed by the parties); or (ii) the parties mutually agree to terminate the Land Acquisition Agreement

Consideration:	RMB234 million, which has been calculated based on the appraised value of the land as of January 31, 2014 and the development costs and expenses incurred by the vendor in respect of the VC Hotel up to March 20, 2014
Other major terms:	– The purchaser will pay all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement. Such costs and expenses shall be fully refunded to the purchaser upon the termination of the Land Acquisition Agreement. – VC Hotel shall not commence operation prior to the completion of the Land Acquisition Agreement

Please see the section headed "Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group – Clear business delineation between the business of our Group and the remaining business of the Remaining Zhong An Group" and "History, Reorganization and Corporate Structure – The Reorganization" for further information.

- **Cooperation Agreement**

Pursuant to the Cooperation Agreement which became effective on March 16, 2014, the Remaining Zhong An Group is and will be solely responsible for the ongoing development and sales of the Times Square Residential Portion, and is and will be entitled to the net economic benefit of the Times Square Residential Portion. On this basis, we are of the view that all risks of the Times Square Residential Portion have been transferred to the Remaining Zhong An Group. According to the prevailing International Financial Reporting Standards (IAS 18 IE Revenue recognition principal versus agent), we will derecognize the Times Square Residential Portion in the statement of financial position of our Group. The proceeds from the pre-sales of the Times Square Residential Portion received or to be received by us on behalf of the Remaining Zhong An Group will be recorded as due to related parties in the statement of financial position of our Group, while the cost, expense and tax paid or to be paid by us on behalf on the Remaining Zhong An Group (which will be reimbursed and indemnified by the Remaining Zhong An Group to us) will be recorded as due from related parties in the statement of financial position of our Group. The gross up revenue and cost of sales of the Times Square Residential Portion will not be recognized by us as our revenue and cost of sales, but will be recognized as the gross up revenue and cost of sales of the Zhong An Group in the consolidated financial statements of Zhong An instead, given that the Remaining Zhong An Group has the primary responsibility for developing, selling and delivering property to purchasers of the Times Square Residential Portion in fulfilling the pre-sales contract. Please refer to the sections headed "Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group" and "Continuing Connected Transactions" for further details of the Cooperation Agreement.

- **Acquisition of New Cixi Zhongan** – On March 3, 2014, following demerger of the Cixi Property Development, we acquired the entire equity interest of New Cixi Zhongan which holds Cixi Ningbo Land. No profit or loss arising from Cixi Ningbo Land had been recorded by New Cixi Zhongan since its establishment and up to the completion of the acquisition of New Cixi Zhongan by Zhong An Shenglong, and therefore no such profit or loss had been transferred to us pursuant to such acquisition.

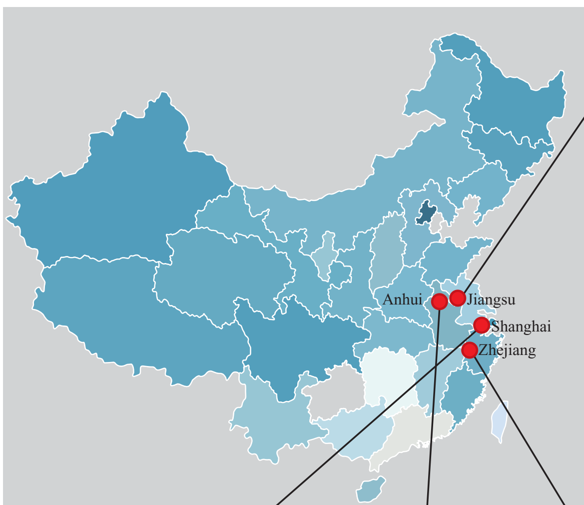
Set forth below are the principal terms and conditions of the acquisition of New Cixi Zhongan and details of Cixi Ningbo Land:

Vendor:	Zhejiang Zhong An, a group member of the Remaining Zhong An Group
Purchaser:	Zhong An Shenglong
Consideration:	50 million
Location:	Ningbo, Zhejiang Province
Approximate site area (sq.m.):	49,804
Total GFA (sq.m.):	159,510
Total saleable GFA (sq.m.):	41,190
Total leaseable GFA held for investment (sq.m.):	83,320
Land use right designation:	Commercial

OUR PROPERTY PROJECTS

An Overview of Our Projects

Our current portfolio of property developments consists of eight completed projects, five projects under development, three projects held for future development, four projects contracted to be acquired and units in two completed buildings, and these projects and buildings are located in Jiangsu Province, Shanghai, Anhui Province and Zhejiang Province. The following map sets forth the geographical locations of our property developments as of April 30, 2014.



Jiangsu
Projects Under Development
Jia Run Square (蘇州嘉潤廣場)

Shanghai
Units in completed building
La Vie (逸樂軒) (Note 1)

Anhui
Projects Contracted to be acquired
VC Hotel (溫哥華城大酒店)

Zhejiang
Completed Projects
Guomao Building (國貿大廈)
Integrated Service Center (綜合服務中心)
Highlong Plaza (恒隆廣場)
Landscape Garden (山水苑) Phase I
Landscape Garden (山水苑) Phase II
White Horse Noble Mansion (白馬尊邸)
New White Horse Apartments (新白馬公寓)
Hidden Dragon Bay (隱龍灣)
Units in completed building
Xihu Guomao Center (西湖國貿中心) (Note 2)
Projects Under Development
Zhong An Times Square (眾安時代廣場) Phase I
Zhong An Times Square (眾安時代廣場) Phase II
Hangzhou Qiandao Lake Run Zhou Resort Hotel (杭州千島湖潤洲度假酒店)
International Office Center (國際辦公中心) A3 (Note 3)
Projects held for future development
International Office Center (國際辦公中心) A1 (Note 3)
International Office Center (國際辦公中心) A2 (Note 3)
Cixi Ningbo Land (寧波慈溪地塊)
Projects contracted to be acquired
International Office Center (國際辦公中心) B
International Office Center (國際辦公中心) C
Commercial portion of the Chaoyang Community Site (朝陽社區地塊商業部)

Notes:

(1) Our La Vie property interests consist of one floor we acquired in the building.

(2) Our Xihu Guomao Center property interests consist of three units we acquired in the building.

(3) Our IOC project is not intended for sale even though the Company has satisfied all the prerequisite requirements for obtaining the pre-sale and sale permit.

Stages of Project Development

We broadly classify our property developments into four categories:

- *Completed projects.* We categorize projects or project phases as completed when we have received the certificates of completion from the relevant government authorities;

- *Projects under development.* We categorize projects or project phases as under development when we have received the land use rights certificates and construction commencement permits, but the certificates of completion have not been obtained;

- *Projects held for future development.* We categorize projects or project phases as planned for future development when the land use rights certificates have been obtained but the construction commencement permit has not been obtained; and

- *Projects contracted to be acquired.* We categorize projects or project phases as contracted to be acquired when we have entered into a MOU based on our overall strategies and business development plans with the relevant government authorities which sets forth the general development conditions relating to the site, including project type, site area and plot ratio (if applicable). We have not obtained land use rights certificates and/or land use rights grant contracts for the underlying parcel of land.

We have obtained all the relevant land use rights certificates for the land of our completed projects, projects under development and projects held for future development.

A property is treated as "pre-sold" when the purchase contract has been entered into but the property has not been delivered to our customers. A property is considered "sold" when the purchase contract has been entered into and the property has been delivered to our customers. Please see the section headed "Financial Information – Critical Accounting Policies, Estimates and Judgments – Revenue Recognition" in this prospectus for further information regarding our revenue recognition policy. The names of our projects used in this prospectus are those which we have used or intend to use to market our properties. Some of the project names may be different from the names registered with the relevant authorities as we may have subsequently changed the names of our projects to better suit the marketing of our projects.

The differences between our classification of properties and the classification of properties in the section headed "Property Valuation Report" in Appendix III and the section headed "Accountants' Report" in Appendix I to this prospectus are set forth in the table below:

Our classification of properties	Property Valuation Report	Accountants' Report
• **Completed projects** The project has been completed and the certificates of completion have been obtained.	• Group I – Property interests held by the Group for investment • Group II – Property interests held by the Group for sale and occupation	• Completed properties held for sale (excluding completed properties that have been sold) • Investment properties
• **Projects under development** The land use rights certificates and construction commencement permits have been obtained but the certificates of completion have not been obtained.	• Group III – Property interests held by the Group under development	• Properties under development
• **Projects held for future development** The land use rights certificates have been obtained but the construction commencement permit has not been obtained.	• Group IV – Property interests held by the Group for future development	• Properties under development
• **Projects contracted to be acquired** MOU has been signed (if applicable) for the acquisition of the land, but land use rights certificates and/or land use rights grant contracts have not been obtained for the underlying parcel of land.	• Group V – property interests contracted to be acquired by the Group	• N/A

The following tables set forth certain information about our completed projects, projects under development, projects held for future development and projects contracted to be acquired as of April 30, 2014.

Completed projects

As of April 30, 2014, we had eight completed projects and units in two completed buildings with a total GFA of 855,960 sq.m. and total attributable GFA of 791,741 sq.m..

Project name	Site Area (Note 1)	Attributable Interest (Note 2)	Total GFA (Note 3)	Total GFA attributable to us	Total saleable GFA: Of which was sold (Note 4)	Total saleable GFA: Of which was pre-sold (Note 4)	Total saleable GFA: Available for Sale (Note 4)	Total leasable GFA held for investment (Note 4)	GFA held for Group's own use	Properties held by the Group (Note 5)	Non-saleable/ leasable GFA (Note 6)	Development costs incurred	Estimated development costs to be incurred (Note 7)	Construction Commencement Date (Note 8)	Construction Completion Date (Note 8, 9)	Pre-sale commencement date (Note 10)	Ref. to Property Valuation Report
	(sq.m.)	(%)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)				(No.)
Hangzhou, Zhejiang Province																	
Guomao Building (國貿大廈)	1,455	81	12,225	9,902	–	–	–	12,225	–	–	–	63.5	–	February 1996	October 1998	–	4
Integrated Service Center (综合服務中心)	2,979	90	11,164	10,048	2,809	–	547	5,913	–	–	148	26.9	–	November 2003	August 2005	August 2004	2,9
Highlong Plaza (恒隆廣場)	30,933	90	171,071	153,964	2,650	–	–	105,599	–	35,834	–	612.6	–	December 2004	January 2009	December 2004	3,8
Landscape Garden (山水苑) Phase I	53,260	90	14,104	12,694	–	–	–	3,039	–	–	–	24.1	–	November 2002	September 2005	–	1, 11
Landscape Garden (山水苑) Phase II	34,073	90	13,008	11,707	–	–	–	7,846	–	–	–	13.0	–	July 2004	December 2006	–	1, 11
White Horse Noble Mansion (白馬尊邸)*	73,514	99.7	169,439	168,931	126,452	283	3,312	–	–	–	1,666	904.3	–	September 2007	December 2009	June 2008	10
New White Horse Apartments (新白馬公寓)**	62,800	90	222,236	200,012	161,966	–	–	–	–	–	4,809	899.6	–	May 2005	April 2008	April 2006	12
Xihu Guomao Center (西湖國貿中心)***	246	90	676	608	–	–	–	–	676	–	–	–	–	–	–	–	7
Hidden Dragon Bay (隱龍灣)	89,173	92.5	241,695	223,568	92,751	5,300	84,778	24,328	–	–	6,206	1,397.3	–	April 2010	April 2013	October 2010	6, 13
Sub-total	348,433		855,619	791,434	386,628	5,583	88,637	158,950	676	35,834	12,830	3,941.3	–				
Shanghai																	
La Vie (逸樂軒)****	171	90	341	307	–	–	–	341	–	–	–	–	–	–	–	–	5
Total	348,604		855,960	791,741	386,628	5,583	88,637	159,291	676	35,834	12,830	3,941.3	–				

Projects under development

As of April 30, 2014, we had five projects under development with an estimated total GFA of 1,245,194 sq.m. and total attributable GFA of 1,053,777 sq.m..

Project name	Site Area (Note 1)	Attributable Interest (Note 2)	Total GFA (Note 3)	Total GFA attributable to us	Total saleable GFA: Of which was sold (Note 4)	Total saleable GFA: Of which was pre-sold (Note 4)	Total saleable GFA: Available for sale (Note 4)	Total leasable GFA held for investment (Note 4)	Properties held by the Group (Note 5)	Non-saleable/ leasable GFA (Note 6)	Development costs incurred	Estimated development costs to be incurred (Note 7)	Construction commencement Date (Note 8)	Expected construction Completion Date (Note 8, 9)	Pre-sale commencement date (Note 10)	Ref. to Property Valuation Report
	(sq.m.)	(%)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)				(No.)
Yuyao, Zhejiang Province																
Zhong An Times Square (眾安時代廣場) Phase I 一期	65,159	90	305,473	274,926	–	–	55,732	132,886	–	2,184	717.3	1,126.3	October 2013	November 2015	July 2014	15
Zhong An Times Square (眾安時代廣場) Phase II 二期	71,519	93	322,935	300,330	–	22,972	106,926	–	71,679	2,725	648.3	1,471.7	July 2012	November 2015	September 2013	16
Hangzhou, Zhejiang Province																
Hangzhou Qiandao Lake Run Zhou Resort Hotel (杭州千島湖潤洲度假酒店)	112,593	100	37,028	37,028	–	–	–	–	23,801	–	325.0	434.1	December 2012	October 2015	–	17
International Office Center (國際辦公中心) A3*****	39,060	100	328,367	328,367	–	–	–	237,935	–	–	1,215.9	1,401.7	August 2009	December 2014	–	14
Sub-total	288,331		993,803	940,651	–	22,972	162,657	370,821	95,480	4,909	2,906.5	4,433.8				
Suzhou, Jiangsu Province																
Jia Run Square (蘇州嘉潤廣場)	21,367	45	251,391	113,126	–	–	71,684	62,975	44,551	1,949	499.2	1,777.0	May 2013	December 2016	March 2015	18
Total	309,698		1,245,194	1,053,777	–	22,972	234,341	433,796	140,031	6,858	3,405.7	6,210.8				

Projects held for future development

As of April 30, 2014, we had three projects held for future development with an estimated total GFA of 629,938 sq.m. and a total attributable GFA of 613,987 sq.m..

Project name	Site Area (Note 1)	Attributable Interest (Note 2)	Total GFA (Note 3)	Total GFA attributable to us	Total saleable GFA: Of which was sold (Note 4)	Total saleable GFA: Of which was pre-sold (Note 4)	Total saleable GFA: Available for sale (Note 4)	Total leasable GFA held for investment (Note 4)	Properties held by the Group (Note 5)	Non-saleable/leasable GFA (Note 6)	Development costs incurred	Estimated development costs to be incurred (Note 7)	Expected construction commencement Date (Note 8)	Expected construction Completion Date (Note 8, 9)	Expected Pre-sale commencement date (Note 10)	Ref. to Property Valuation Report
	(sq.m.)	(%)	('000 sq.m.)	(sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	(sq.m.)	('000 sq.m.)	(RMB in millions)	(RMB in millions)				(No.)
Hangzhou, Zhejiang Province																
International Office Center (國際辦公中心) A1*****	25,533	100	341,838	341,838	–	–	–	241,000	45,000	–	59.3	1,637.8	June 2014	December 2017	–	19
International Office Center (國際辦公中心) A2*****	28,017	100	128,590	128,590	–	–	–	21,500	56,500	–	65.1	828.8	June 2014	December 2017	–	19
Subtotal	53,550		470,428	470,428	–	–	–	262,500	101,500	–	124.5	2,466.6				
Ningbo, Zhejiang Province																
Cixi Ningbo Land (寧波慈溪地塊)	49,804	90	159,510	143,559	–	–	41,190	83,320	–	–	61.8	614.6	January 2015	March 2017	–	20
Total	103,354		629,938	613,987	–	–	41,190	345,820	101,500	–	186.3	3,081.2				

Projects contracted to be acquired

As of April 30, 2014, we had four projects contracted to be acquired with an estimated total GFA of 1,214,217 sq.m. and a total attributable GFA of 1,209,308 sq.m..

Project name	Site Area *(Note 1)*	Attributable Interest *(Note 2)*	Total GFA *(Note 3)*	Total GFA attributable to us	Total saleable GFA: Of which was sold *(Note 4)*	Total saleable GFA: Of which was pre-sold *(Note 4)*	Total saleable GFA: Available for sale *(Note 4)*	Total leasable GFA held for investment *(Note 4)*	Properties held by the Group	Non-saleable/leasable GFA *(Note 6)*	Development costs incurred	Estimated development costs to be incurred *(Note 7)*	Expected construction commencement Date *(Note 8)*	Expected construction Completion Date *(Note 8, 9)*	Expected Pre-sale commencement date *(Note 10)*	Ref. to Property Valuation Report
	(sq.m.)	*(%)*	*('000 sq.m.)*	*(sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*(sq.m.)*	*('000 sq.m.)*	*(RMB in millions)*	*(RMB in millions)*				
Hangzhou, Zhejiang Province																
International Office Center (B and C) (國際辦公中心 B and C)	207,390	100	1,098,065	1,098,065	–	–	–	998,015	100,050	–	–	–	–	–	–	N/A
Commercial portion of the Chaoyang Community Site (朝陽社區地塊商業部)	10,541	90	49,091	44,182	–	–	36,893	–	–	–	–	–				22
Sub-total	217,931		1,147,156	1,142,247	–	–	36,893	998,015	100,050	–	–	–				
Huaibei, Anhui Province																
VC Hotel (溫哥華城大酒店)	60,768	100	67,061	67,061	–	–	–	–	47,871	1,050	–	–	–	–	–	21
Total	278,699		1,214,217	1,209,308	–	–	36,893	998,015	147,921	1,050	–	–				

Notes:

* White Horse Noble Mansion was included in our projects as it is a residential project where all residential apartments have been pre-sold/sold prior to Reorganization, but with unsold ancillary shops (which, based on the building ownership certificates, are designated for "commercial" use) and car parking spaces. As a result, the holding company thereof was included as a member of our Group. As of December 31, 2013, there was a residential property, with a total GFA of 283 sq.m., available for sale due to the fact that the purchaser of such property did not complete their purchase. As of the Latest Practicable Date, the 283 sq.m. of residential units have been pre-sold as we have sold the property but have not yet delivered the property to the purchaser. The revenue generated from the sale of residential properties from White Horse Noble Mansion during the Track Record Period was RMB35.6 million, nil, and nil, respectively. All revenue generated from the sale of residential properties from our White Horse Noble Mansion project during the Track Record Period has been excluded in our financial statements due to its significance, nature of being residential properties and to avoid misleading investors as the Group focuses on commercial properties only. Our financial information has been prepared in accordance with IFRSs and the related financial information of the businesses and operations, which were not historically associated with commercial property development, leasing and hotel operation have been excluded from our financial information throughout the Track Record Period as such businesses and operations were distinct and identifiable and were operated autonomously. These operations were retained by the Remaining Zhong An Group pursuant to the Reorganization. Please see Appendix I to this prospectus for details. Please see the paragraph headed "– Our Property Projects – White Horse Noble Mansion（白馬尊邸）– Completed project" in this section for further information.

** Figures include the residential areas. New White Horse Apartments was included in our projects as it is a residential project where all residential apartments have been sold, but with unsold car parking spaces. As a result, the holding company thereof was included as a member of our Group. No revenue was generated from the sales of residential properties from New White Horse Apartments during the Track Record Period. Please see the paragraph headed "– Our Property Projects – New White Horse Apartments（新白馬公寓）– Completed project" in this section for further information.

*** Our Xihu Guomao Center property interests consist of three units we acquired in the building. Please see the paragraph headed "– our Property Projects – Xihu Guomao Center（西湖國貿中心）– Units in completed building"

**** Our La Vie property interests consist of one floor we acquired in the building. Please see the paragraph headed "– our Property Projects – La Vie（逸樂軒）– Units in completed building".

***** Our IOC project is not intended for sale even though the Company has satisfied all the prerequisite requirements for obtaining the pre-sale and sale permit.

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

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

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

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

(5) Properties held by us comprises of the hotels and/or service apartments which we operate or plan to operate under our "Run Zhou" or "潤洲" brand or by internationally renowned hotel operators. Please see the project descriptions in this section for further details.

(6) Non-saleable/leasable GFA represents GFA for car parking spaces, storage warehouses, equipment rooms, civil defense, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

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

(8) The construction commencement date refers to the date on which construction commenced on the first building of the project. Expected construction commencement date is based on our current estimation. Our Directors confirm that, as of the Latest Practicable Date, save for our International Office Center (Plot A3), Hangzhou Qiandao Lake Run Zhou Resort Hotel, Zhong An Times Square (Phase I) and Zhong An Times Square (Phase II) projects, the progress of the construction work of our properties under development was in accordance with our development schedule. For further details of the construction progress of our International Office Center (Plot A3), Hangzhou Qiandao Lake Run Zhou Resort Hotel, Zhong An Times Square (Phase I) and Zhong An Times Square (Phase II) projects, please refer to the section headed "Business – Compliance with Relevant PRC Regulations and Requirements" in this prospectus.

(9) The construction completion date represents the completion date of the whole phase. Certain properties within the phase 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. Expected construction completion date is based on our current estimation.

(10) 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).

The following table sets out a breakdown of our total saleable/leasable GFA (net of saleable GFA sold) by current use or planned use as of April 30, 2014:

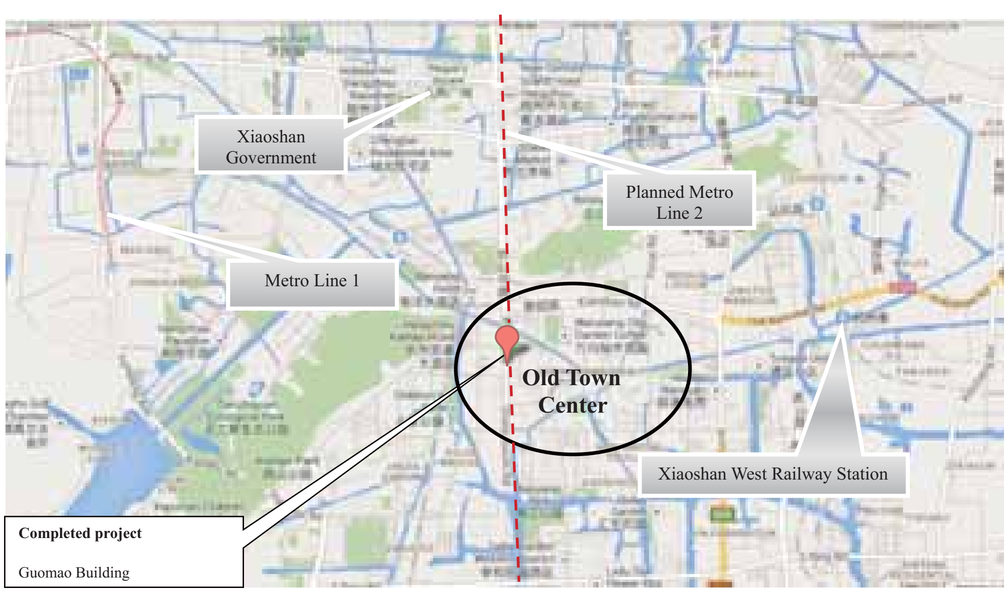
Project type	Completed projects	Projects under develop	Projects held for future development	Total
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
Properties for sale				
Retail Units	3,735	27,631	–	31,366
Office	985	86,414	16,300	103,698
Serviced Apartment	11,815	52,654	17,360	81,830
Leisure Mansions	72,780	–	7,530	80,310
Residential	–	67,642	–	67,642
Sub-total	89,314	234,341	41,190	364,846
Properties for investment				
Retail Units	99,009	163,357	130,300	392,666
Hotels	30,399	20,624	19,520	70,543
Office	29,883	37,124	196,000	263,007
Serviced Apartment	–	212,691	–	212,691
Sub-total	159,291	433,796	345,820	938,907
Total	248,606	668,137	387,010	1,303,753

The following project descriptions describe the details of our projects.

Project Description – Zhejiang Province

Guomao Building（國貿大廈）– Completed project

The following map indicates the location of Guomao Building:



Guomao Building is located in the commercial center of Xiaoshan District of Hangzhou.

Guomao Building was the first commercial project of the Group. It is a 15-storey integrated commercial complex, which consists of retail units and two economy hotels. The project occupies a total site area of 1,455 sq.m. with a total GFA of 12,225 sq.m.. Construction of the project was completed in October 1998.

Guomao Building was held by Zhong An Property Development Xiaoshan prior to Reorganization and remains held by Zhong An Property Development Xiaoshan, a subsidiary of our Company in which 81% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Guomao Building based on our internal estimates, records, current use and current project plans as of April 30, 2014, are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Hotel*(Note)*	Feb 1996	Oct 1998	–	6,342	–	–	–	6,342	–		
Retail	Feb 1996	Oct 1998	–	5,884	–	–	–	5,884	–		
Total				12,225	–	–	–	12,225	–	63.5	–

Note: A portion of the project, which is leased to an Independent Third Party for hotel use, is located on property designated for office use as stated on the property ownership certificate. Our PRC Legal Advisors have advised us that the operation of the hotel on such property has not breached any relevant PRC laws and regulations because (i) the lease of such portion of Guomao Building for hotel use has been registered with Hangzhou Xiaoshan Real Estate Administrative Bureau on December 17, 2012; (ii) we received a confirmation letter dated September 22, 2013 issued by Hangzhou Land and Resources Bureau Xiaoshan Branch, confirming that we have not breached any laws and regulations regarding the land and resources administration and that we will not be subject to any actual or potential penalties; (iii) we received a confirmation letter dated September 22, 2013, issued by Hangzhou Planning Bureau Xiaoshan Branch confirming that we have not breached any laws and regulations regarding planning administration and that we will not be subject to any actual or potential penalties; (iv) we received a confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Real Estate Administrative Bureau confirming that we have not breached any laws and regulations regarding real estate administration and that we will not be subject to any actual or potential penalties; and (v) we received a confirmation letter dated November 7, 2013 issued by Hangzhou Xiaoshan District Housing and Urban Construction Bureau confirming that our operation of our hotel on property designated for office use is not a breach of PRC laws and that we will not be subject to any actual or potential penalties. Our PRC Legal Advisors have consulted Hangzhou Xiaoshan Real Estate Administrative Bureau, Hangzhou Land Resources Bureau Xiaoshan Branch, Hangzhou Planning Bureau Xiaoshan Branch and Hangzhou Xiaoshan District Housing and Urban Construction Bureau in arriving at its legal opinion. Our PRC Legal Advisors have advised us that the above mentioned confirmations have been issued by competent government authorities and cover the liability in relation to the operation of the hotel on such property by the relevant Group entities.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our investment properties were 86.8%, 62.7% and 62.7%, respectively.

Hotel

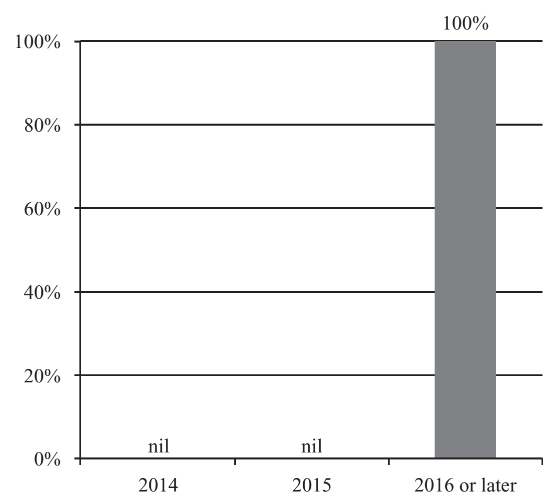
As of April 30, 2014, Guomao Building comprised a total GFA of 6,342 sq.m. of hotels, all of which were held for investment.

Jinjiang Inn Xiaoshan（錦江之星蕭山）and *Bestay Hotel Express Xiaoshan*（蕭山百時快捷酒店）– Guomao Building is home to two national budget hotels, Jinjiang Inn Xiaoshan（錦江之星蕭山）and Bestay Hotel Express Xiaoshan（蕭山百時快捷酒店）, both of which belong to the Jinjiang Group, a national hotel chain. Both hotels are leased to and managed by an Independent Third Party. For details of the lease agreement please see the paragraph headed "– Investment Properties and our Property Leasing Business – Tenants and Leases" in this section.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of the portion of land we leased for hotel use was 75.0%, 100.0% and 100.0%, respectively.

The chart below sets forth the percentage of the effective leased area of the hotel portion we leased as of December 31, 2013 expiring in the periods indicated:

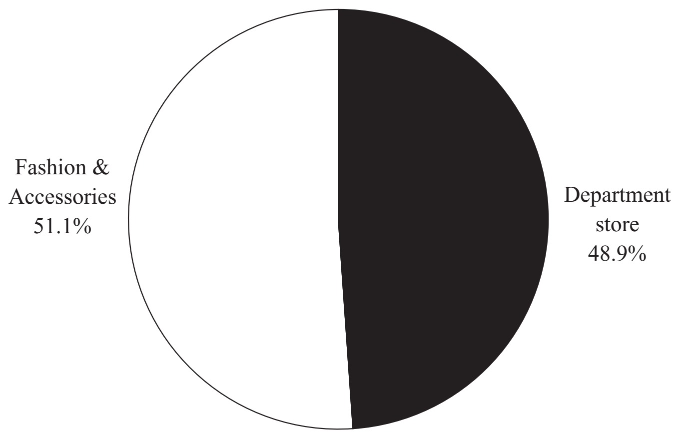
Lease expiry (by effective lease area)



Retail

As of April 30, 2014, Guomao Building comprised a total GFA of 5,884 sq.m. of retail units, all of which were held for investment.

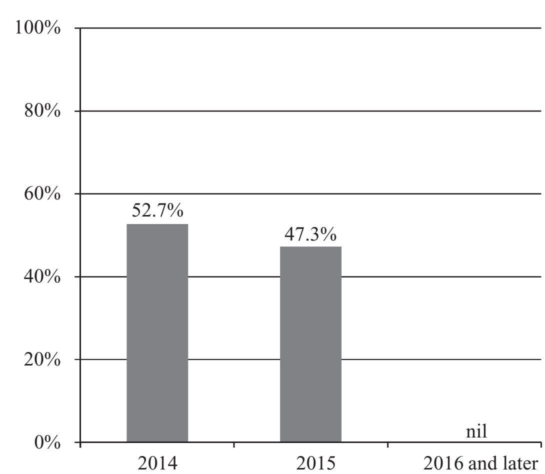
The chart below shows the percentage of the effective leased areas of the retail units as of December 31, 2013 in each of the business sub-sectors:



For the years ended December 31, 2011, 2012, and 2013, the occupancy rate of our retail units were 99.6%, 22.5% and 22.5%, respectively. We entered into a five-year lease agreement with Yigang Department Store (億港百貨) in April 2009 for the lease of a retail unit in Guomao Building with a total GFA of approximately 5,057.5 sq.m. As per the lease agreement, the lease was set to expire in 2014, however in January 2012 we signed a termination agreement with Yigang Department Store due to their insufficient sales and as a result, as of January 2012 Yigang Department Store was no longer a tenant of Guomao Building. We have entered into a lease agreement in January 2012 for the lease of a retail unit in Guomao Building with a total GFA of 600 sq.m. and are currently looking for tenants for the remaining retail units.

The chart below sets forth the percentage of the effective leased area of the retail units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective lease area)



Integrated Service Center（綜合服務中心）– Completed project

The following map indicates the location of Integrated Service Center:

Integrated Service Center is located in the old town area of Xiaoshan District of Hangzhou.

Integrated Service Center is an integrated commercial complex comprised of a seven-storey building, which consists of a hotel, retail units and offices. The project occupies a total site area of 2,979 sq.m. with a total GFA of 11,164 sq.m.. Construction of the project was completed in August 2005.

Integrated Service Center was held by Zhejiang Zhong An prior to the Reorganization and is currently held by Zhong An Shenglong, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Integrated Service Center based on our internal estimates, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Hotel	Nov 2003	Aug 2005	–	2,964	–	–	–	2,964	–		
Retail	Nov 2003	Aug 2005	Aug 2004	3,496	250	–	239	2,949	58		
Office	Nov 2003	Aug 2005	Aug 2004	2,958	2,559	–	308	–	90		
Underground *(Note 1, 2)*	Nov 2003	Aug 2005	–	1,746	–	–	–	–	–		
Total				11,164	2,809	–	547	5,913	148	26.9	–

Notes:

(1) Inclusive of 41 car parking spaces which are held for sale and occupation.

(2) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our investment properties were 49.9%, 49.9% and 71.8%, respectively.

Hotel

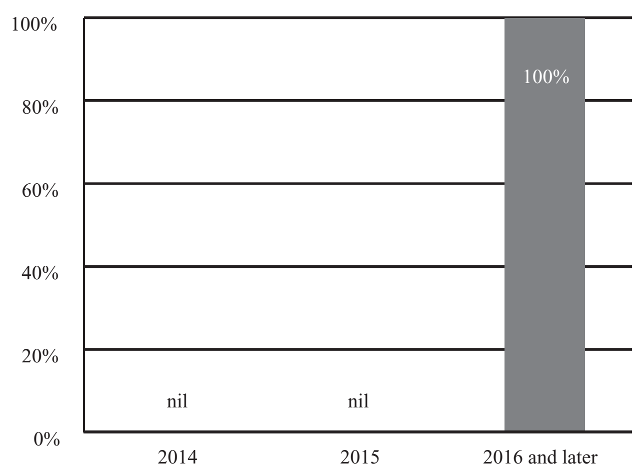
As of April 30, 2014, Integrated Service Center comprised a total GFA of 2,964 sq.m. of hotels, all of which were held for investment.

Rest Motel Xiaoshan（蕭山銳思特汽車酒店） – Rest Motel Xiaoshan（蕭山銳思特汽車酒店）belongs to a national economy hotel chain. It is leased and managed by an Independent Third Party. Rest Motel Xiaoshan（蕭山銳思特汽車酒店）has a total of 54 rooms. For details of the lease agreement please see the paragraph headed "– Investment Properties and our Property Leasing Business – Tenants and Leases" in this section.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of the portion of land we leased for hotel use was nil, nil and 43.7%, respectively. We previously leased a portion of our hotel portion to the Qiantang Inn (錢塘之星), the lease of which ended in December 2010.

The chart below sets forth the percentage of the effective leased area of the hotel portion we leased as of December 31, 2013 expiring in the periods indicated:

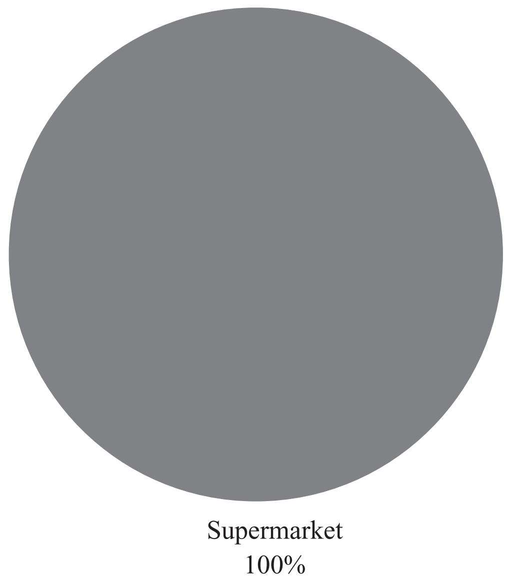
Lease expiry (by effective lease area)



Retail

As of April 30, 2014, Integrated Service Center comprised a total GFA of 3,496 sq.m. of retail units, of which 250 sq.m. were sold, 239 sq.m. were available for sale and 2,949 sq.m. had been developed into retail stores held for investment. Integrated Service Center has Centurymart (世紀聯華超市) as a major tenant. Please see the paragraph headed "– Investment Properties and our Property Leasing Business – Tenants and Leases" in this section for further information on the lease agreement with Centurymart (世紀聯華超市).

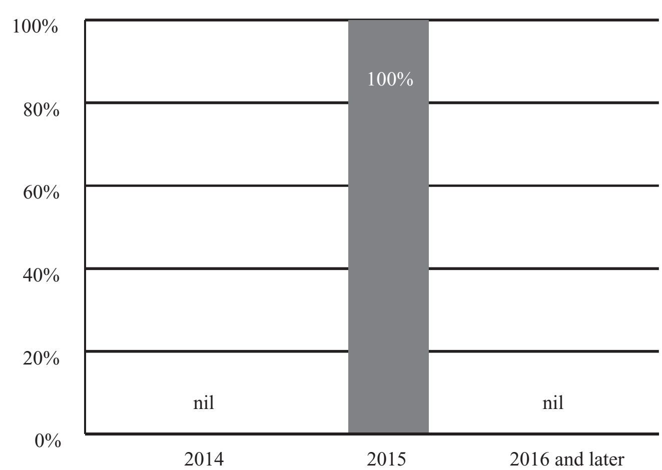
The chart below shows the percentage of the effective leased areas of the retail units as of December 31, 2013 in each of the business sub-sectors:



For the years ended December 31, 2011, 2012, and 2013, the occupancy rate of our retail units were 100%, 100% and 100%, respectively.

The chart below sets forth the percentage of the effective leased area of the retail units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective leased area)



Office

As of April 30, 2014, Integrated Service Center comprised a total GFA of 2,958 sq.m. of office units, of which 2,559 sq.m. were sold, 308 sq.m. were available for sale.

Highlong Plaza（恒隆廣場）– Completed project

The following map indicates the location of Highlong Plaza:

Highlong Plaza is located on Shanyin Road, in Xiaoshan District of Hangzhou.

Highlong Plaza, our flagship project, is a large-scale integrated commercial complex, which consists of hotels, shopping malls and offices. The project occupies a total site area of 30,933 sq.m. with a total GFA of 171,071 sq.m.. Construction of the project was completed in January 2009. The project was awarded "Top Ten Quality Shopping Malls and Supermarkets（十大品質商場，超市）" by the Hangzhou Xiaoshan Trade Bureau（杭州蕭山區貿易局）and the honorary award "Top Ten Trade Circulation Enterprises of 2009（2009年度十佳商貿流通企業）" by the Hangzhou Xiaoshan Trade Bureau（杭州蕭山區貿易局）. It was also awarded "Top Ten Business Special Events（十佳商貿特色活動）" by Hangzhou Xiaoshan Commerce Bureau（杭州蕭山商務局）, "Best Sales Award of 2011（2011年最佳銷售獎）" in the 3rd Xiaoshan Shopping Festival（第三屆蕭山購物節）and "Business Quality Award of 2010（2010商貿品質獎）" and "Top Ten Quality Shopping Malls and Supermarkets of 2010（2010十

佳品質商場、超市)", "Most Popular Award 2010 (2010最佳人氣獎)" in the 2nd Xiaoshan Shopping Festival (第二屆蕭山購物節) and "Top Ten Trade Circulation Enterprises of 2009 (2009年度十佳商貿流通企業)" by Hangzhou Xiaoshan Trade Bureau (杭州蕭山貿易局).

Highlong Plaza was held by Zhejiang Zhong An prior to the Reorganization and is currently held by Zhong An Shenglong, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganisation.

Details of Highlong Plaza based on our internal estimates, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Properties held by the Group	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Hotels	Dec 2004	Jan 2009	–	56,928	–	–	–	21,094	35,834	–		
Shopping mall	Dec 2004	Dec 2007	–	60,014	–	–	–	60,014	–	–		
Offices	Dec 2004	Dec 2007	Dec 2004	25,563	1,072	–	–	24,491	–	–		
Serviced Apartments	Dec 2004	Jan 2009	Dec 2004	1,578	1,578	–	–	–	–	–		
Underground *(Note 1, 2, 3)*	Dec 2004	Dec 2007	–	26,988	–	–	–	–	–	–		
Total				171,071	2,650	–	–	105,599	35,834	–	612.6	–

Notes:

(1) Inclusive of 467 car parking spaces which are held for sale and occupation.

(2) Inclusive of approximately 10,576 sq.m. of civil air defense property.

(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our investment properties were 92.2%, 92.2% and 89.1%, respectively.

Hotels

Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) – Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) is an international hotel. We commenced operation of Holiday Inn Hangzhou Xiaoshan in December 2007. It is fully-owned by us but managed by Holiday Inn, a well-known international hotel brand within the InterContinental Hotels Group. Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) has a total of 417 rooms and is equipped with complete conference facilities, banquet hall, a cocktail lounge and two restaurants and includes amenities such as a 25 meter indoor swimming pool and a health and fitness center. For details of the management agreement please see the paragraph headed "– Hotel Management – Hotels managed by independent third parties" in this section.

For the years ended December 31, 2011, 2012 and 2013, Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）recorded revenue of RMB61.3 million, RMB58.3 million and RMB55.8 million, respectively.

The ARR, occupancy rate and RevPAR of Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）during the Track Record Period are set out below:

	Year ended December 31,		
	2011	**2012**	**2013**
ARR (RMB)	371.9	356.1	345.1
Occupancy Rate	50.8%	50.0%	49.8%
RevPAR (RMB)	188.9	178.1	171.9

ARR, RevPAR and occupancy rate decreased during the Track Record Period primarily due to the continued softening of the general economic environment in Hangzhou and in China and the "Eight Point Regulation（八項規定）" adopted in a meeting of the Political Bureau of the Communist Party of China in the end of 2012. For details of the year-to-year changes in hotel operating income, please see the section headed "Financial Information" of this prospectus.

The following table sets out a breakdown of the customer types of Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）during the Track Record Period:

	Year ended December 31,					
Customers	**2011**		**2012**		**2013**	
	Room Nights	*%*	*Room Nights*	*%*	*Room Nights*	*%*
Individuals (corporate)	42,428	55.1	40,902	53.8	35,491	47.0
Individuals	16,326	21.2	15,047	19.8	22,608	30.0
Individuals (other) *(Note 1)*	519	0.7	780	1.0	779	1.0
Group (meetings)	6,302	8.2	6,138	8.1	7,010	9.3
Group (leisure)	7,698	10.0	9.252	12.2	5,566	7.4
Other *(Note 2)*	3,744	4.9	3,853	5.1	3,986	5.3
Total	77,017	100	75,972	100	75,440	100

Notes:

(1) Individuals (other) includes room nights sold using employee discounts, travel agencies, hotel discount packages.

(2) Others includes complimentary room nights and airline packages.

The table below sets out a breakdown of our revenue derived from Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）during the Track Record Period:

	For the year ended December 31,		
	2011	**2012**	**2013**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Room Revenue	28,644	27,053	26,031
F&B Revenue	19,194	19,869	16,614
Others *(Note)*	13,448	11,357	13,170
Total	61,286	58,279	55,815

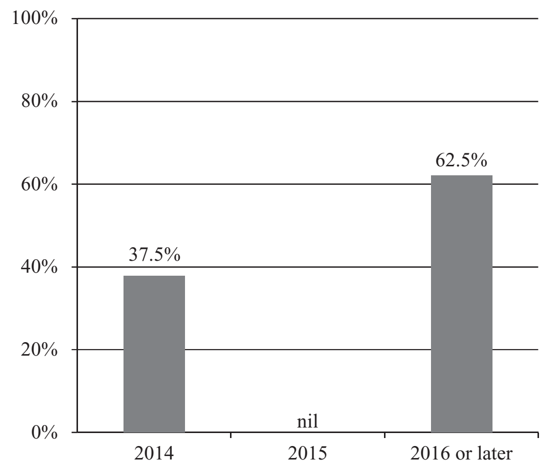
Note: Others includes fees received from the use of our hotel facilities.

Ningbo Sanbi Hotel（寧波三碧酒店）and *Hangzhou Youbang Hotel*（杭州友邦酒店）– In addition to Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）, Highlong Plaza is home to two budget hotels, Ningbo Sanbi Hotel（寧波三碧酒店）and Hangzhou Youbang Hotel（杭州友邦酒店）. Both hotels are leased to and managed by Independent Third Parties of the Group. Ningbo Sanbi Hotel（寧波三碧酒店）has a total of 230 rooms and Hangzhou Youbang Hotel（杭州友邦酒店）has a total of 133 rooms. For details of the lease agreement please see the paragraph headed "– Investment Properties and our Property Leasing Business – Tenants and Leases" in this section.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of the portion of land we leased-out for hotel use was 100.0%, 100.0% and 100.0%, respectively.

The chart below sets forth the percentage of the effective leased area of the hotel portion we leased as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective lease area)

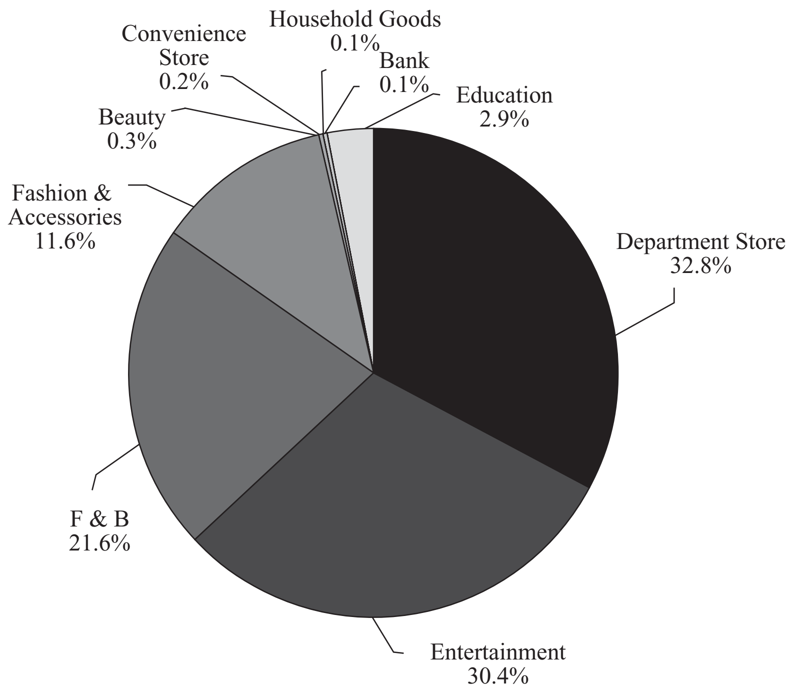


Shopping mall

As of April 30, 2014, Highlong Plaza comprised a total GFA of 60,014 sq.m. of shopping mall units, all of which were held for investment.

Highlong Plaza provides a comprehensive shopping mall that provides shopping, dining, entertainment and physical fitness to fulfill the needs of a wide range of customers. We commenced operation of our shopping mall in Highlong Plaza in December 2007. It is home to domestic and international brands such as Yizhijia Department Store (衣之家百貨), Henglong Movie World (恒隆電影大世界), Lidu International Fitness Club (力度國際健身會所), Starbucks, Haagen Dazs, KFC, Paul Frank, Izzue and Bullfighter Steak House (鬥牛士牛排館). Highlong Plaza has Yizhijia Department Store (衣之家百貨) and Henglong Movie World (恒隆電影大世界) as major tenants. Please see the paragraph headed "– Investment Properties and our Property Leasing Business – Tenants and Leases" in this section for further details of the lease agreements with Yizhijia Department Store (衣之家百貨) and Henglong Movie World (恒隆電影大世界).

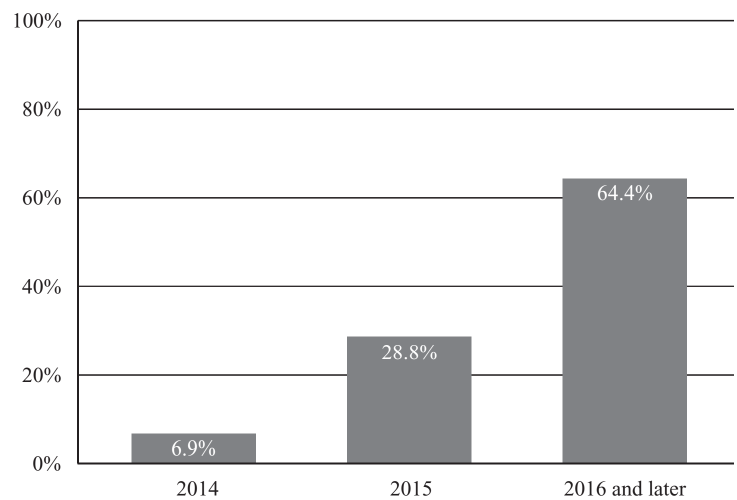
The chart below shows the percentage of the effective leased areas of the retail units as of December 31, 2013 in each of the business sub-sectors:



For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our retail units were 98.8%, 97.5% and 87.1%, respectively.

The chart below shows the percentage of the effective leased area of the retail units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective lease area)



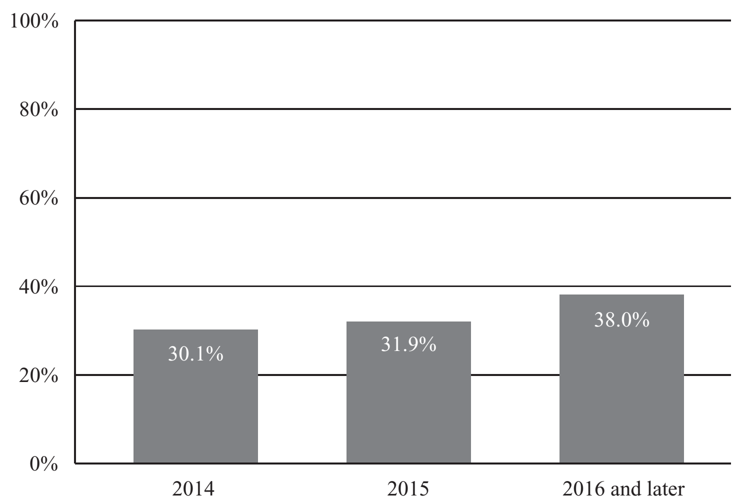
Offices

As of April 30, 2014, Highlong Plaza comprised a total GFA of 25,563 sq.m. of office units, of which 1,072 sq.m. were sold and 24,491 sq.m. were held for investment. Highlong Plaza provides a 16-storey office building situated on top of the shopping mall. Tenants of our office units include law firms, accounting firms and insurance firms, and are majorly from the service and consulting industry.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our office units were 69.2%, 72.4% and 84.8%, respectively.

The chart below sets forth the percentage of the effective leased area of our office units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective lease area)

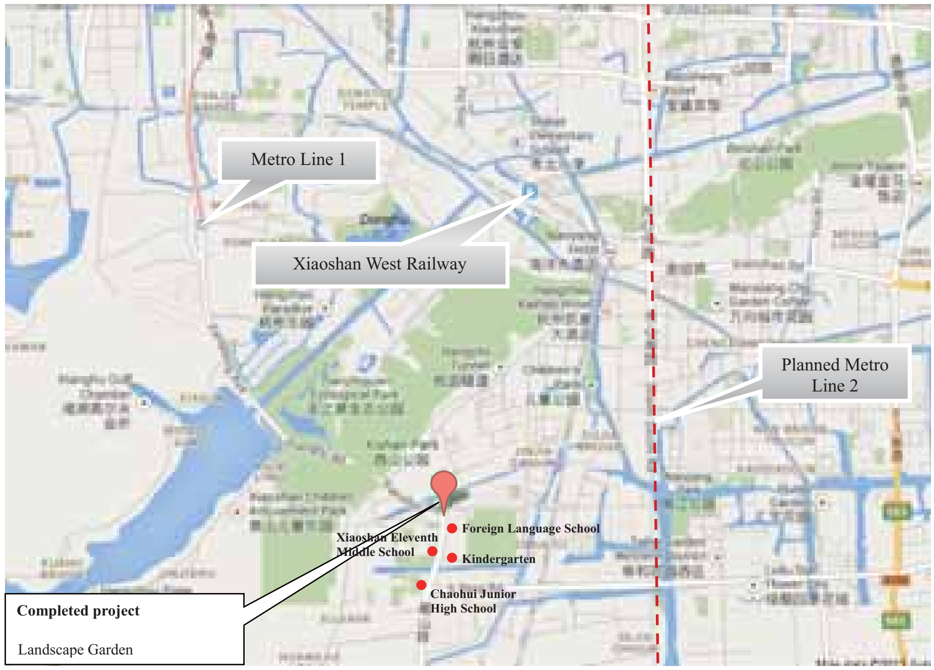


Serviced Apartments

As of April 30, 2014, Highlong Plaza included a total GFA of 1,578 sq.m. of serviced apartment units, all of which have been sold.

Landscape Garden（山水苑）– Completed project

The following map indicates the location of Landscape Garden:



Landscape Garden is located in the southern part of Xiaoshan District of Hangzhou, adjacent to Lixiu River and the Xishan scenic area and in the Panshui Road and Shushan Road intersection.

Landscape Garden is comprised of two phases, which consists of retail units and office units. The project occupies a total site area of 87,333 sq.m. with a total GFA of 27,112 sq.m.. Construction of the project was completed in December 2006.

Landscape Garden was held by Zhejiang Zhong An prior to the Reorganization and is currently held by Zhong An Shenglong, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Landscape Garden based on our internal estimates, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Phase I (Retail)	Mar 2003	Sept 2005	–	1,482	–	–	–	1,482	–		
Phase I (Office)	Mar 2003	Sept 2005	–	1,558	–	–	–	1,558	–		
Phase I (Underground) *(Note 1, 3)*	Nov 2002	Sept 2005	–	11,065	–	–	–	–	–		
Sub-total				14,104	–	–	–	3,039	–	24.1	–
Phase II (Retail)	Oct 2004	Dec 2006	–	4,012	–	–	–	4,012	–		
Phase II (Office)	Oct 2004	Dec 2006	–	3,834	–	–	–	3,834	–		
Phase II (Underground) *(Note 2, 3)*	Jul 2004	Dec 2006	–	5,162	–	–	–	–	–		
Sub-total				13,008	–	–	–	7,846	–	13.0	–
Total				27,112	–	–	–	10,885	–	37.1	–

Notes:

(1) Inclusive of 257 car parking spaces, of which 200 car parking spaces have been sold and 57 car parking spaces are held for sale or occupation.

(2) Inclusive of 90 car parking spaces, of which 89 car parking spaces have been sold and 1 car parking space is held for sale or occupation.

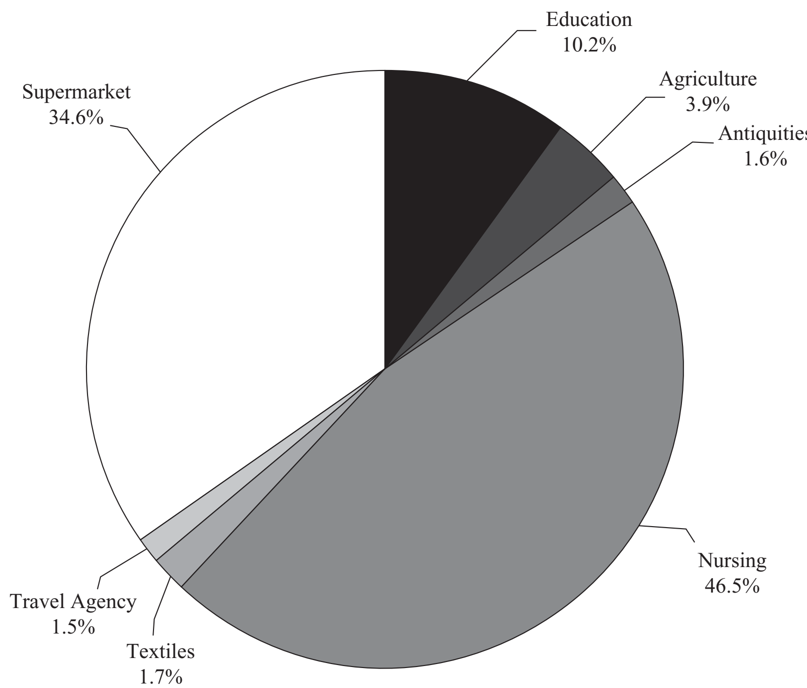
(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our investment properties were 53.9%, 52.8% and 79.6%, respectively.

Retail

As of April 30, 2014, Landscape Garden comprised a total GFA of 5,494 sq.m. of retail units, of which 5,494 sq.m. were held for investment.

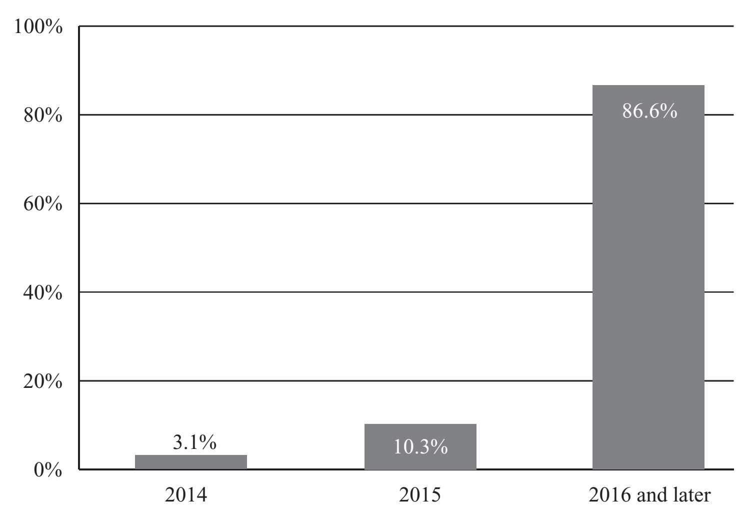
The chart below shows the percentage of the effective leased areas of our retail units as of December 31, 2013 in each of the business sub-sectors:



For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our retail units were 37.0%, 34.8% and 88.0%, respectively.

The chart below sets forth the percentage of the effective leased area of our retail units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective leased area)



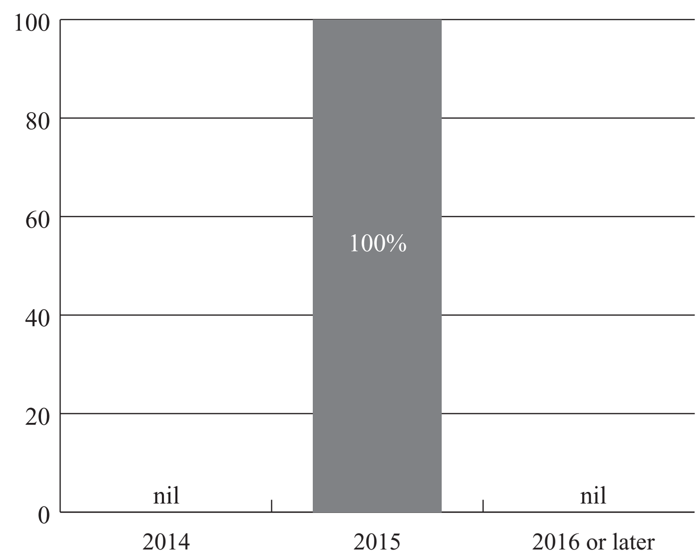
Office

As of April 30, 2014, Landscape Garden comprised a total GFA of 5,392 sq.m. of office units, all of which were held for investment.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our office units were 71.1%, 71.1% and 71.1%, respectively.

The chart below sets forth the percentage of the effective leased area of our office units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective lease area)



White Horse Noble Mansion（白馬尊邸）– Completed project

The following map indicates the location of White Horse Noble Mansion:

White Horse Noble Mansion is located in the Xihu District of Hangzhou. It is situated in San Dun Town (三墩鎮).

White Horse Noble Mansion consists of residential units and retail units. The project occupies a total site area of 73,514 sq.m. with a total GFA of 169,439 sq.m.. Construction of the project was completed in December 2009. White Horse Noble Mansion was held by Huijun Property prior to the Reorganization and remains held by Huijun Property, a subsidiary of our Company in which 99.7% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of White Horse Noble Mansion based on our internal estimates, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Retail	Sept 2007	Dec 2009	Feb 2009	9,204	5,125	–	3,312	–	767		
Residential	Sept 2007	Dec 2009	June 2008	122,510	121,327	283	–	–	899		
Underground *(Note 1, 2, 3)*	Sept 2007	Dec 2009	–	37,725	–	–	–	–	–		
Total				169,439	126,452	283	3,312	–	1,666	904.3	–

Notes:

(1) Inclusive of 625 car parking spaces, of which 439 car parking spaces have been sold and 186 car parking spaces are held for sale or occupation.

(2) Inclusive of approximately 11,526 sq.m. of civil air defense property.

(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Retail

As of April 30, 2014, White Horse Noble Mansion comprised a total GFA of 9,204 sq.m. of retail units, of which 5,125 sq.m. were sold and 3,312 sq.m. were available for sale.

Residential

As of April 30, 2014, White Horse Noble Mansion comprised a total GFA of 122,510 sq.m. of residential units that were for sale, of which 121,327 sq.m. had been sold, 283 sq.m. had been pre-sold and 899 sq.m. was non-saleable and non-leaseable.

Upon Listing, we will not engage in any development and sales of residential properties. Please see the section headed "Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group" for further information regarding business delineation from the Remaining Zhong An Group.

New White Horse Apartments（新白馬公寓）– Completed project

The following map indicates the location of New White Horse Apartments:

New White Horse Apartments is located in the Xiaoshan District of Hangzhou. It is situated on Sanin Road.

New White Horse Apartments consists of residential properties, retail units and car parking spaces. The project occupies a total site area of 62,800 sq.m. with a total GFA of 222,236 sq.m.. Construction of the project was completed in April 2008.

New White Horse Apartments was held by White Horse Property Development prior to the Reorganization and remains held by White Horse Property Development, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of New White Horse Apartments based on our internal estimates, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Residential	May 2005	Apr 2008	Apr 2006	161,453	157,324	–	–	–	4,129		
Retail	May 2005	Apr 2008	Apr 2007	5,322	4,642	–	–	–	680		
Underground *(Note 1, 2, 3)*	May 2005	Apr 2008		55,461	–	–	–	–	–		
Total				222,236	161,966	–	–	–	4,809	899.6	–

Notes:

(1) Inclusive of 953 car parking spaces, of which 910 car parking spaces have been sold and 43 car parking spaces are held for sale or occupation.

(2) Inclusive of approximately 8,214 sq.m. of civil air defense property.

(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Residential

As of April 30, 2014, New White Horse Apartments comprised a total GFA of 161,453 sq.m. of residential units, of which 157,324 sq.m. were sold and 4,129 sq.m. were non-saleable and non-leaseable.

Upon Listing, we will not engage in any development and sales of residential properties. Please see the section headed “Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group” for further information regarding business delineation from the Remaining Zhong An Group.

Retail

As of April 30, 2014, New White Horse Apartments comprised a total GFA of 5,322 sq.m. of retail units, of which 4,642 sq.m. were sold and 680 sq.m. were non-saleable or non-leaseable.

Xihu Guomao Center（西湖國貿中心）– Units in completed building

The following map indicates the location of Xihu Guomao Center:

Xihu Guomao Center is located in the Shang Cheng District of Hangzhou, and is located next to West Lake.

Xihu Guomao Center comprises a seven-storey building, of which we own three units, which we acquired.

Xihu Guomao Center project was held by Hangzhou Fukai Management prior to the Reorganization and remains held by Hangzhou Fukai Management, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Xihu Guomao Center based on our internal estimates, records, current use and current property plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Property used by our Group	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	
Office	–	–	–	676	–	–	–	–	676	–	–	–

Office

As of April 30, 2014, Xihu Guomao Center comprised a total GFA of 676 sq.m. of office units, all of which were used by us as our offices.

As of December 31, 2011, 2012 and 2013, units in Xihu Guomao Center were used by us as our office units.

Hidden Dragon Bay（隱龍灣）– Completed project

The following map indicates the location of Hidden Dragon Bay:

Hidden Dragon Bay is located in the center of Wenyan Town nearby to Xianghu Lake of Xiaoshan District, Hangzhou.

Hidden Dragon Bay is an integrated commercial complex in Wenyan Town, which consists of leisure mansions, serviced apartments, a shopping mall, street shops and car parking spaces. The project has an estimated total site area of 89,173 sq.m. with a total GFA of 241,695 sq.m.. Construction of the project was completed in April 2013.

Hidden Dragon Bay was held by Hangzhou Zheng Jiang prior to the Reorganization and remains held by Hangzhou Zheng Jiang, a subsidiary of our Company in which 92.5% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Hidden Dragon Bay based on our internal estimates, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Leisure Mansions	July 2010	Apr 2013	June 2012	77,795	–	2,762	72,780	–	2,253		
Serviced Apartments	April 2010	Apr 2013	Oct 2010	106,220	90,610	2,538	11,815	–	1,256		
Retail	April 2010	Apr 2013	June 2011	29,348	2,141	–	183	24,328	2,697		
Underground *(Note 1, 2, 3)*	April 2010	Apr 2013	–	28,332	–	–	–	–	–		
Total				241,695	92,751	5,300	84,778	24,328	6,206	1,397.3	–

Notes:

(1) Inclusive of 425 car parking spaces, of which 82 car parking spaces have been sold and 343 car parking spaces are held for sale or occupation.

(2) Inclusive of approximately 9,946 sq.m. of civil air defense property.

(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our investment properties was nil, nil and 32.5%, respectively. We completed construction in April 2013.

Leisure mansions

As of April 30, 2014, Hidden Dragon Bay included a total GFA of 77,795 sq.m., of which 2,762 sq.m. had been pre-sold, 72,780 sq.m. were available for sale, and 2,253 sq.m. were non-saleable and non-leaseable. The leisure mansions are intended for corporate leisure use and are compatible with a vast array of amenities, including billiards room, conference room, cinema and swimming pool. The sizes of the leisure mansions range from approximately 2,300 to 3,500 sq.m..

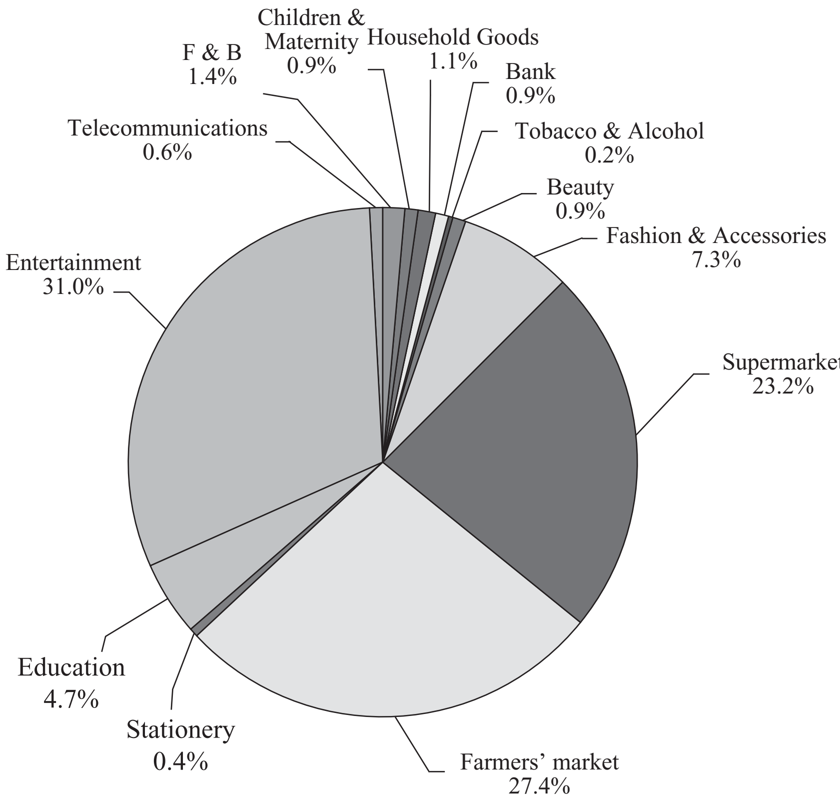
Serviced apartments

As of April 30, 2014, Hidden Dragon Bay included a total GFA of 106,220 sq.m. of serviced apartments, of which 2,538 sq.m. have been pre-sold, 90,610 sq.m. were sold, 11,815 sq.m. were available for sale and 1,256 sq.m. were non-saleable and non-leaseable. Our serviced apartments, Sailing Mansion（啓航社）, contain units with sizes ranging from approximately 53 sq.m. to 279 sq.m..

Retail

As of April 30, 2014, Hidden Dragon Bay comprised a total GFA of 29,348 sq.m. of retail units, of which, 2,141 sq.m. were sold, 183 sq.m. were available for sale, 24,328 sq.m. were held for investment and 2,697 sq.m. were non-saleable and non-leaseable. Hidden Dragon Bay includes a four-storey shopping mall and street shops which provide shopping, food and entertainment. Tenants include Lining（李寧）and China Mobile（中國移動）.

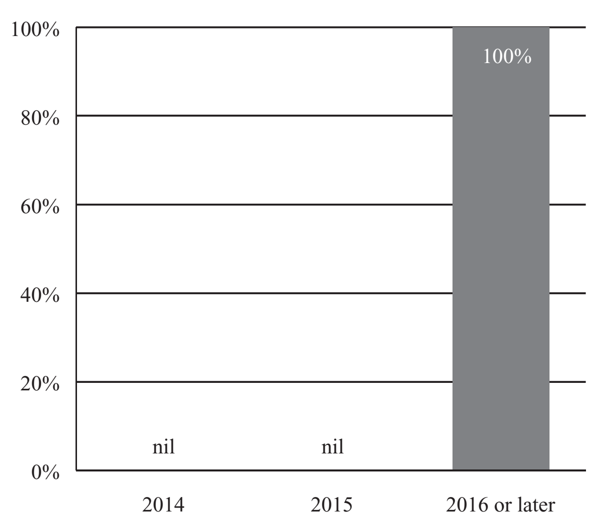
The chart below shows the percentage of the effective leased areas of our retail units as of December 31, 2013 in each of the business sub-sectors:



For the years ended December 31, 2011, 2012 and 2013, the occupancy rate of our retail units were nil, nil and 32.5%, respectively. We completed the project in April 2013.

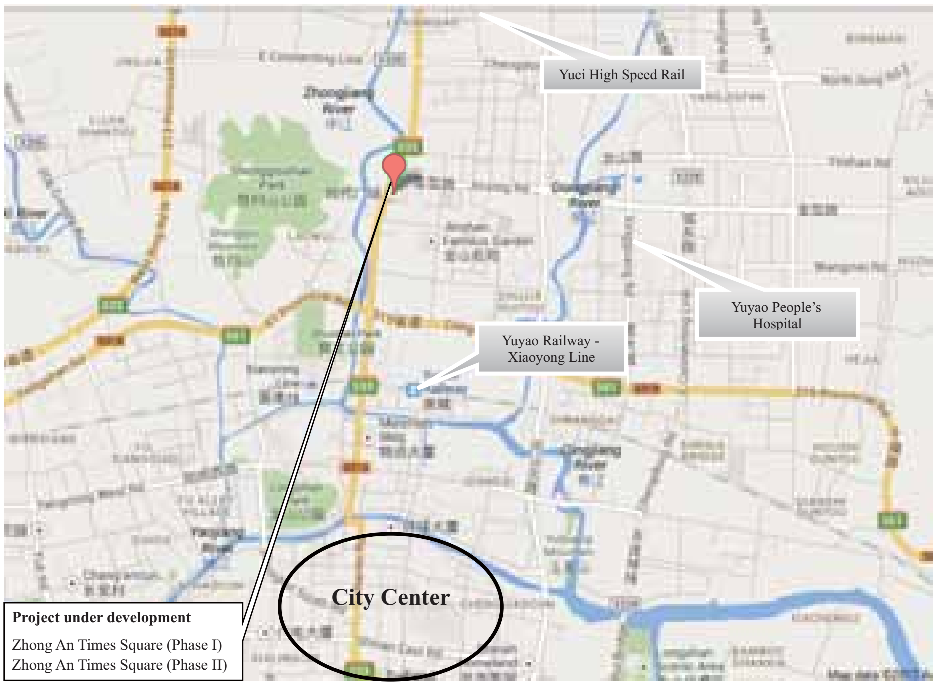
The chart below sets forth the percentage of the effective leased area of our retail units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective leased area)



Zhong An Times Square（眾安時代廣場）– Project under development

The following map indicates the location of Zhong An Times Square:



Zhong An Times Square is located in Yuyao and next to Shengguishan Park.

Zhong An Times Square is an integrated commercial – residential complex, which comprises two phases, including retail units, hotel, residential units and offices. Phase I of the project has an estimated site area of 65,159 sq.m. and Phase II of the project has an estimated site area of 71,519 sq.m., providing an estimated total site area of 136,678 sq.m. and an estimated total GFA of 628,408 sq.m.. It is expected that construction of Phase I and Phase II of the project will be completed in around November 2015, respectively. The project was awarded China's Top Ten Landmark Commercial Real Estate in a Popular Area in 2013（2013中國熱點區域十大地標性商業地產）by China Society of Urban Construction（中國城市建設研究會）, Housing and Real Estate Industry Association of China（中國住宅與房地產協會）, China Federation of Commercial Real Estate Development（中國商業地產發展聯合會）, the International Association for the Development of Real Estate（國際房地產發展促進會）and China Market News（中國市場報）.

Phase I of the project was held by Yuyao Property Development prior to the Reorganization and is currently held by Yuyao Times Square Development, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization. Phase II of the project was held by Yuyao Zhong'an Property prior to the Reorganization and is currently held by Yuyao Times Square Property, a subsidiary of our Company in which 93% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Zhong An Times Square based on our internal estimates, records and current project plans as of April 30, 2014 are as follows:

Project Phases (Under Development)	Construction commencement date	Estimated construction completion date	Estimated/ Actual pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Properties held by the Group	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Phase I (Retail)	Oct 2013	Nov 2015	–	113,639	–	–	–	112,262	–	1,377		
Phase I (Hotel)	Oct 2013	Nov 2015	–	20,624	–	–	–	20,624	–	–		
Phase I (Office)	Oct 2013	Nov 2015	Jul 2014	56,539	–	–	55,732	–	–	807		
(Underground) *(Note 1, 2, 3)*	Oct 2013	Nov 2015	–	114,671	–	–	–	–	–	–		
Total				305,473	–	–	55,732	132,886	–	2,184	717.3	1,126.3
Phase II (Retail)	July 2012	Nov 2015	Dec 2013	35,320	–	6,176	27,631	–	–	1,513		
Phase II (Hotel)	July 2012	Nov 2015	–	71,679	–	–	–	–	71,679	–		
Phase II (Residential)	July 2012	Nov 2015	Sept 2013	84,404	–	15,738	67,642	–	–	1,024		
Phase II (Office)	July 2012	Nov 2015	May 2014	12,899	–	1,058	11,652	–	–	188		
Phase II (Underground) *(Note 4, 5, 6)*	July 2012	Nov 2015	–	118,634	–	–	–	–	–	–		
Total				322,935	–	22,972	106,926	–	71,679	2,725	648.3	1,471.7

Notes:

(1) Inclusive of 1,809 car parking spaces.

(2) Inclusive of approximately 23,660 sq.m. of civil air defense property.

(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

(4) Inclusive of 1,928 car parking spaces.

(5) Inclusive of approximately 48,708 sq.m. of civil air defense property.

(6) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Retail

As of April 30, 2014, Zhong An Times Square is expected to include a total GFA of 148,959 sq.m. of retail units, of which 112,262 sq.m. were expected to be held for investment, 6,176 sq.m. had been pre-sold, 27,631 sq.m. were available for sale and 2,889 sq.m. is expected to be non-saleable and non-leaseable. Zhong An Times Square is expected to have a shopping mall.

Hotel

As of April 30, 2014, Zhong An Times Square is expected to include a total GFA of 92,303 sq.m. of hotels, of which 71,679 sq.m. were held by us and 20,624 sq.m. were intended to be held for investment.

Doubletree by Hilton Yuyao（余姚眾安希爾頓逸林酒店）– Doubletree by Hilton Yuyao (“**Doubletree**”) is expected to be a 25-storey hotel. It is fully-owned by us but managed by Hilton（希爾頓）, a well-known international hotel brand.

Doubletree is expected to have a total of 365 rooms including 20 suites and will be equipped with complete conference facilities, spa facilities, gym and restaurants.

For details of the management agreement please see the paragraph headed “– Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated by us and managed by Independent Third Parties” in this section.

Office

As of April 30, 2014, Zhong An Times Square is expected to include a total GFA of 69,437 sq.m. of office units, of which, 1,058 sq.m. had been pre-sold, 67,384 sq.m. were available for sale and 995 sq.m. were non-saleable and non-leaseable.

Residential

As of April 30, 2014, Zhong An Times Square is expected to include a total GFA of 84,404 sq.m. of residential units, of which 15,738 sq.m. had been pre-sold, 67,642 sq.m. were available for sale and 1,024 sq.m. were non-saleable and non-leaseable.

Upon Listing, we will not engage in any property development which is solely for residential use. Please see the section headed “Continuing Connected Transactions” and “Relationship with our Controlling Shareholders” for further details regarding the Cooperation Agreement for details regarding the management and supervision of the ongoing construction and development of the Times Square Residential Portion.

Hangzhou Qiandao Lake Run Zhou Resort Hotel（杭州千島湖潤洲度假酒店）– Project under development

The following map indicates the location of Hangzhou Qiandao Lake Run Zhou Resort Hotel:

Hangzhou Qiandao Lake Run Zhou Resort Hotel is located in the southwest of Qiandaohu Town, Chunan County, Hangzhou, adjacent to Thousand-Islet Lake Passengers Port. It is north to the inner bay of Pailing Peninsula（排嶺半島）with a beautiful lake view and natural habitat.

Hangzhou Qiandao Lake Run Zhou Resort Hotel is a planned resort hotel. The project occupies an estimated total site area of 112,593 sq.m. with an estimated total GFA of 37,028 sq.m. Construction of the project is expected to be completed in October 2015.

Hangzhou Qiandao Lake Run Zhou Resort Hotel was held by Chunan Minfu prior to the Reorganization and remains held by Chunan Minfu, a subsidiary of our Company in which we hold the entire equity interest, pursuant to the Reorganization.

Details of Hangzhou Qiandao Lake Run Zhou Resort Hotel based on our internal estimates, records and current project plans as of April 30, 2014 are as follows:

Project Phases (Under Development)	Construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Properties held by the Group	Non- saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Hotel	Dec 2012	Oct 2015	–	23,801	–	–	–	–	23,801	–		
Underground *(Note)*	Dec 2012	Oct 2015	–	13,228	–	–	–	–	–	–		
Total				37,028	–	–	–	–	23,801	–	325.0	434.1

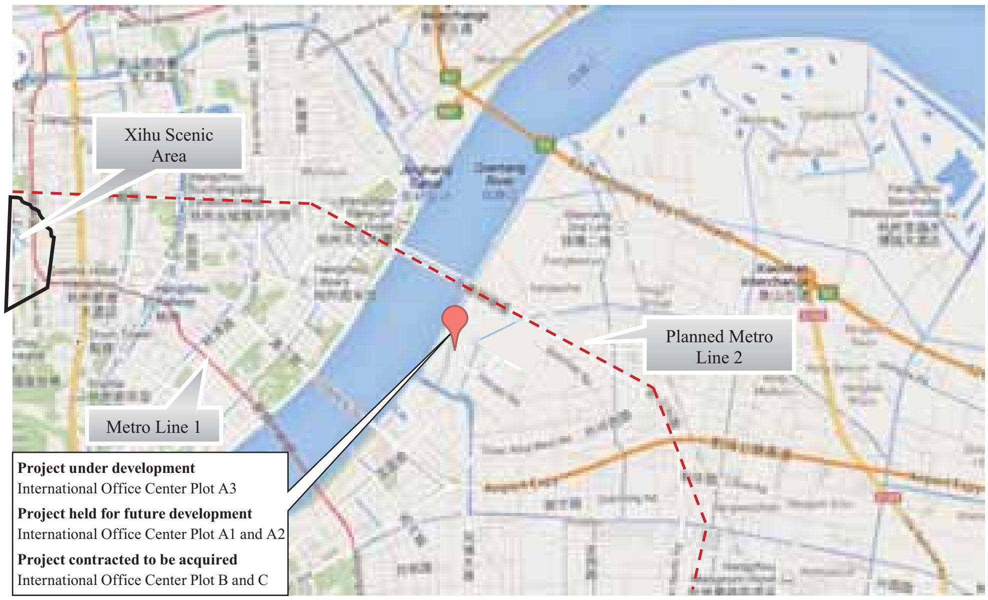
Note: A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Hangzhou Qiandao Lake Run Zhou Resort Hotel is expected to be a four-storey hotel. It is fully-owned and managed by us and is situated next to Qiandao Lake.

Hangzhou Qiandao Lake Run Zhou Resort Hotel is expected to have a total of 161 rooms and 31 villas and will be equipped with complete conference facilities, swimming pool, fitness room and two banquet rooms. For details of the management agreement please see the paragraph headed "– Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated and managed by us" in this section.

International Office Center（國際辦公中心）– Project under development/Project held for future development/Project contracted to be acquired

The following map indicates the location of International Office Center:



International Office Center is located in Qianjiang Century City（錢江世紀城）of Xiaoshan District, Hangzhou.

International Office Center is expected to comprise three plots and is expected to be an integrated commercial complex, which consists of serviced apartments, shopping mall, hotel and offices. Plot A of the project occupies an estimated total site area of 92,610 sq.m. with an estimated total GFA of 798,795 sq.m.. Construction of this project is expected to be completed by December 2017. The project was awarded "China's Top Ten Best Commercial Complex 2012（2012年中國十大最佳商業綜合體）" by China's Real Estate Management Association（中國房地產管理協會）.

International Office Center was held by Henlly Enterprise prior to the Reorganization and remains held by Henlly Enterprise, a subsidiary of our Company in which we hold the entire equity interest, pursuant to the Reorganization.

Details of plot A3 of International Office Center based on our internal estimates, records and current project plans as of April 30, 2014 are as follows:

Project Phases (Under Development)	Construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale (Note 1)	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
A3 (Serviced Apartments)	Aug 2009	Dec 2014	–	212,691	–	–	–	212,691	–		
A3 (Shopping mall)	Aug 2009	Dec 2014	–	25,244	–	–	–	25,244	–		
A3 (Underground) (Note 2, 3, 4)	Aug 2009	Dec 2014	–	90,432	–	–	–	–	–		
Total				328,367	–	–	–	237,935	–	1,215.9	1,401.7

Notes:

(1) Our IOC project is not intended for sale even though the Company has satisfied all the prerequisite requirements for obtaining the pre-sale and sale permit.

(2) Inclusive of 1,964 car parking spaces.

(3) Inclusive of approximately 11,928 sq.m. of civil air defense property.

(4) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Serviced apartments

As of April 30, 2014, Plot A3 is expected to include a total GFA of 212,691 sq.m. of serviced apartments, all of which were intended for investment. It is expected to comprise four buildings and three podiums, providing serviced apartments with varying sizes ranging from 43 sq.m. to 685 sq.m.. We have entered into management agreements for the management of our serviced apartments with property management companies, namely, Swissôtel (瑞士酒店), Ascott Group (雅詩閣集團) and Fairmont (費爾蒙). Please see paragraph headed "Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated by us and managed by Independent Third Parties".

Shopping mall

As of April 30, 2014, Plot A3 is expected to include a total GFA of 25,244 sq.m. of shopping mall units, all of which were intended for investment. It is expected to comprise a five-level comprehensive shopping mall that provides shopping, food and entertainment.

Details of plot A1 and A2 of International Office Center based on our internal estimates, records and current project plans as of April 30, 2014 are as follows:

Project Phases (Held for Future Development)	Estimated construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale (Note 1)	Total leasable GFA held for investment	Property held by the Group	Non-saleable/ leasable GFA	Development costs incurred	Development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
A1 (Retail)	Jun 2014	Dec 2017	–	45,000	–	–	–	45,000	–	–		
A1 (Office)	Jun 2014	Dec 2017	–	196,000	–	–	–	196,000	–	–		
A1 (Hotel)	Jun 2014	Dec 2017	–	45,000	–	–	–	–	45,000	–		
A1 (Underground) (Note 2, 3, 6)	Jun 2014	Dec 2017	–	55,838	–	–	–	–	–	–		
Sub-total				341,838	–	–	–	241,000	45,000	–	59.3	1,637.8
A2 (Shopping mail)	Jun 2014	Dec 2017	–	21,500	–	–	–	21,500	–	–		
A2 (Hotel)	Jun 2014	Dec 2017	–	56,500	–	–	–	–	56,500	–		
A2 (Underground) (Note 4, 5, 6)	Jun 2014	Dec 2017	–	50,590	–	–	–	–	–	–		
Sub-total				128,590	–	–	–	21,500	56,500	–	65.1	828.8
Total				470,428	–	–	–	262,500	101,500	–	124.4	2,466.6

Notes:

(1) Our IOC project is not intended for sale even though the Company has satisfied all the prerequisite requirements for obtaining the pre-sale and sale permit.

(2) Inclusive of 2,396 car parking spaces.

(3) Inclusive of approximately 15,628 sq.m. of civil air defense property.

(4) Inclusive of 597 car parking spaces.

(5) Inclusive of approximately 6,239 sq.m. of civil air defense property.

(6) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Plot A1

We expect Plot A1 will comprise retail units, offices, and a hotel to be managed by Fairmont (費爾蒙). Please see the paragraph headed "– Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated by us and managed by Independent Third Parties" in this section for further details of the hotel management agreement entered into with Fairmont (費爾蒙). We expect to commence construction in June 2014 and complete construction in December 2017.

Plot A2

We expect Plot A2 will comprise a shopping mall and a hotel, which will be managed by Swissôtel (瑞士酒店). Please see the paragraph headed "– Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated by independent third parties" in this section for further details of the hotel management agreement entered into with Swissôtel (瑞士酒店). We expect to commence construction in June 2014 and complete construction in December 2017.

Plots B and C

We entered into a MOU for plot A, B and C on May 2007. We have entered into land use rights grant contract for Plot A in February 2007. The site area of Plot B and C is expected to be approximately 207,390 sq.m..

Cixi Ningbo Land (寧波慈溪地塊) – Project for future development

The following map indicates the location of Cixi Ningbo Land:

Cixi Ningbo Land is located in Longshan Town, Cixi City, Ningbo.

Cixi Ningbo Land is expected to be an integrated commercial complex, which consists of leisure mansions, serviced apartments, office units, retail units and a hotel. Cixi Ningbo Land has an estimated total site area of 49,804 sq.m. with an estimated total GFA of 159,510 sq.m.. We expect to commence construction in January 2015 and construction of the project is expected to be completed in March 2017.

Cixi Ningbo Land was held by Cixi Property Development prior to the Reorganization and is currently held by New Cixi Zhongan, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Cixi Ningbo Land based on our internal estimates, records and current project plans as of April 30, 2014 are as follows:

Project Phases (Held for Future Development)	Construction commencement date	Construction Completion Date	Estimated Pre-sales commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leaseable GFA	Estimated development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Leisure Mansions	Jan 2015	March 2017	Jan 2016	7,530	–	–	7,530	–	–		
Serviced apartments	Jan 2015	March 2017	Jan 2016	17,360	–	–	17,360	–	–		
Office	Jan 2015	March 2017	Jan 2016	16,300	–	–	16,300	–	–		
Retail	Jan 2015	March 2017	Jan 2016	63,800	–	–	–	63,800	–		
Hotel	Jan 2015	March 2017	Jan 2016	19,520	–	–	–	19,520	–		
Underground *(Note 1,2)*	Jan 2015	March 2017	Jan 2016	35,000	–	–	–	–	–		
Total				159,510	–	–	41,190	83,320	–	61.8	614.6

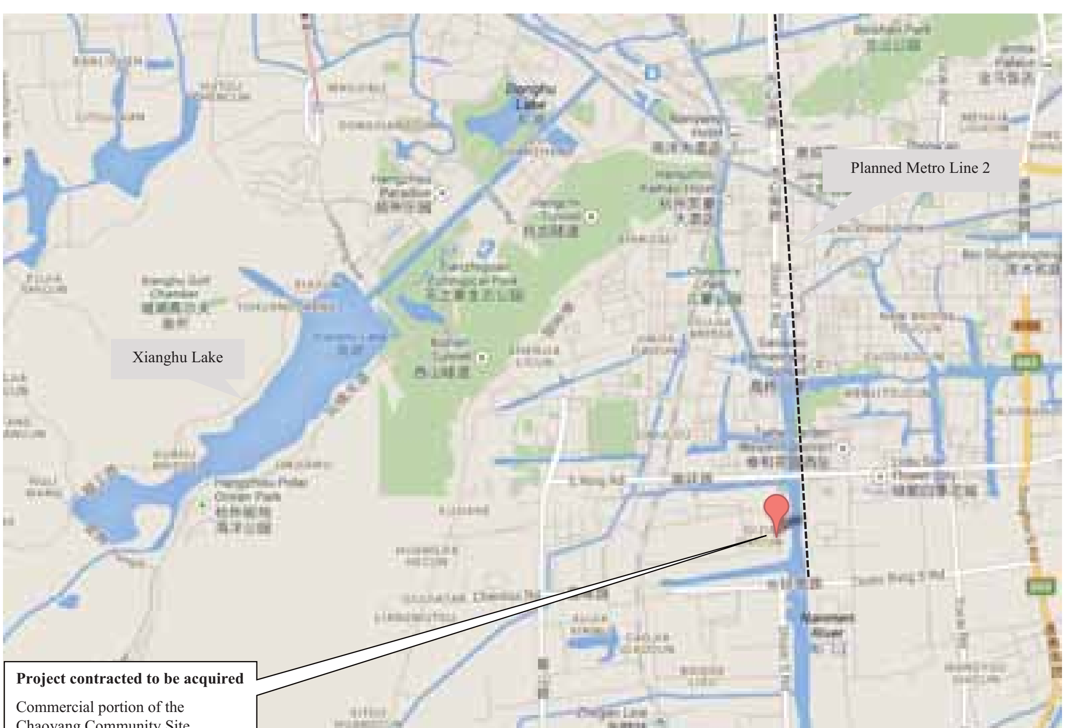
Notes:

(1) Inclusive of 450 car parking spaces.

(2) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Commercial portion of the Chaoyang Community Site（朝陽社區地塊商業部）– Project contracted to be acquired

The following map indicates the location of the commercial portion of the Chaoyang Community Site:

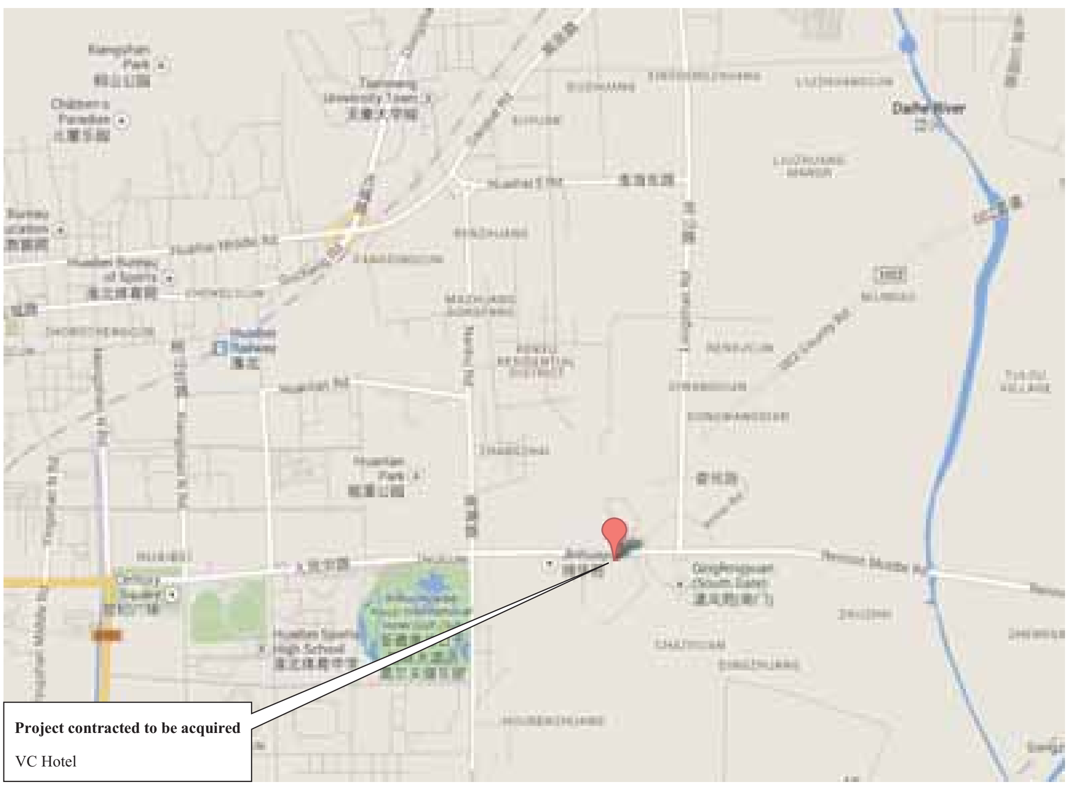


The commercial portion of Chaoyang Community Site is located in Chaoyang Community, Xiaoshan District, Hangzhou.

We entered into the land use right contract and the supplemental land use right contract with Hangzhou Land Bureau and Hangzhou Xiaoshan Government for the commercial portion of the Chaoyang community Site on April 3, 2014. The site area of commercial portion of the Chaoyang Community Site is expected to be 10,541 sq.m.. Please see the paragraph headed "– Recent Developments – Acquisition of the commercial portion of Chaoyang Community Site" in this section for further information.

Project Description – Anhui Province

The following map indicates the location of VC Hotel:



VC Hotel – Project contracted to be acquired

VC Hotel is located in Huaibei City, Anhui Province.

We entered into the Land Acquisition Agreement on March 20, 2014, pursuant to which Anhui Zhong An Real Estate will sell the land on which the VC Hotel is situated together with the buildings under construction thereon to us. The site area of VC Hotel is expected to be 60,768 sq.m.. Please see the paragraph headed "– Recent Developments – Land Acquisition Agreement and Pre-Opening Management Agreement" in this section and the section headed "Relationship with our Controlling Shareholders" for further information.

Project Description – Shanghai

La Vie（逸樂軒）– Units in completed building

The following map indicates the location of La Vie:

La Vie is located in the Xuhui District of Shanghai. It is situated on Changle Road.

La Vie comprises a seven-storey building, of which we own one floor, which we acquired.

La Vie was held by Shanghai Zhong An Property Development prior to the Reorganization and remains held by Shanghai Zhong An Property Development, a subsidiary of our Company in which 90% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of La Vie based on our internal estimates, records, current use and current property plans as of April 30, 2014 are as follows:

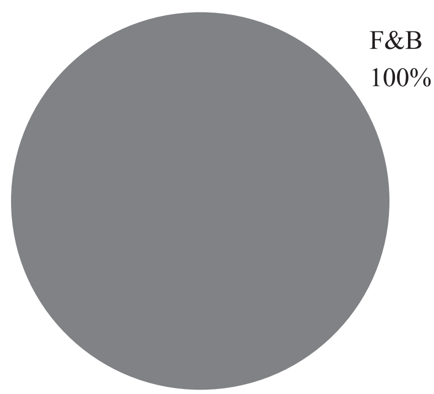
Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	
Retail	–	–	–	341	–	–	–	341	–	–	–

The occupancy rate of our investment properties in this property as of December 31, 2011, 2012 and 2013 were 100.0%, 100.0% and 100.0%, respectively.

Retail

As of April 30, 2014, La Vie comprised a total GFA of 341 sq.m. of retail units, of which 341 sq.m. were held for investment.

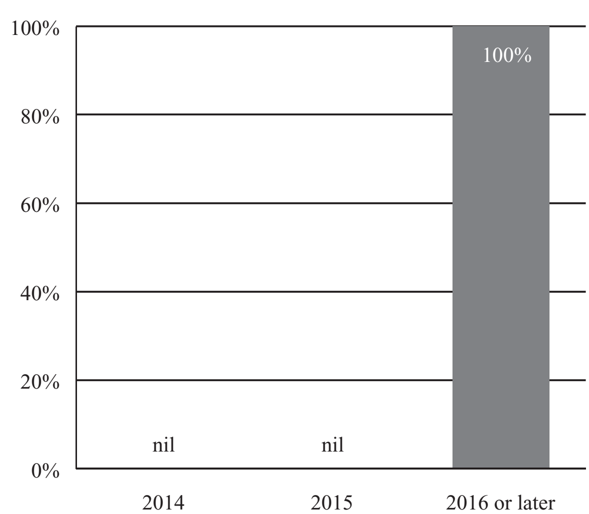
The chart below shows the percentage of the effective leased areas of the retail units as of December 31, 2013 in each of the business sub-sectors:



As of December 31, 2011, 2012 and 2013, the occupancy rate of our retail units were 100.0%, 100.0% and 100.0%, respectively.

The chart below sets forth the percentage of the effective leased area of the retail units occupied as of December 31, 2013 expiring in the periods indicated:

Lease expiry (by effective leased area)



Project Description – Jiangsu Province

Jia Run Square（嘉潤廣場）– Project under development

The following map indicates the location of Jia Run Square:

Jia Run Square is located at Suzhou Industrial Park, next to Jinji Lake.

Jia Run Square is expected to be an integrated commercial complex, which consists of offices, shopping mall, hotel and serviced apartments. Jia Run Square has an estimated total site area of 21,367 sq.m. with an estimated total GFA of 251,391 sq.m.. Construction of the project is expected to be completed in December 2016.

Jia Run Square was held by Jiangsu Jiarun prior to the Reorganization and remains held by Jiangsu Jiarun, a subsidiary of our Company in which 45% equity interest is attributable to our Company, pursuant to the Reorganization.

Details of Jia Run Square based on our internal estimates, records and current property plans as of April 30, 2014 are as follows:

Project Phases (Under Development)	Construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Properties held by the Group	Non-saleable/ leasable GFA	Development costs incurred	Estimated development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Hotel	May 2013	Dec 2016	–	44,551	–	–	–	–	44,551	–		
Serviced Apartments	May 2013	Dec 2016	Mar 2015	52,654	–	–	52,654	–		–		
Office	May 2013	Dec 2016	Mar 2015	58,103	–	–	19,030	37,124		1,949		
Shopping mall	May 2013	Dec 2016	–	25,851	–	–	–	25,851		–		
Underground (Note 1, 2, 3)	May 2013	Dec 2016	–	70,232	–	–	–	–		–		
Total				251,391			71,684	62,975	44,551	1,949	499.2	1,777.0

Notes:

(1) Inclusive of 853 car parking spaces.

(2) Inclusive of 12,800 sq.m. of civil air defense property.

(3) A portion of our underground is non-saleable/leaseable GFA which represents storage warehouses, equipment rooms, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

Hotel

As of April 30, 2014, Jia Run Square is expected to include a total GFA of 44,551 sq.m. of hotels, all of which are expected to be held by the Group. We expect the hotel to be managed by an affiliate of Marriott International, Inc..

JW Marriott Hotel Suzhou（蘇州JW萬豪酒店）– We have entered into an MOU with an affiliate of Marriott International, Inc. regarding JW Marriott Hotel Suzhou（蘇州JW萬豪酒店）. It is expected to be a 32-storey international hotel with a GFA of 44,551 sq.m.. It will be fully-owned by us but managed by an affiliate of Marriott International, Inc..

JW Marriott Hotel Suzhou（蘇州JW萬豪酒店）is expected to have a total of 283 rooms and 22 suites and will be equipped with complete conference facilities, ballrooms, spa, gym, restaurants and swimming pool.

For details of the MOU please see the paragraph headed "– Hotel and Serviced Apartment Operation – Hotels and serviced apartments operated by independent third parties" in this section.

As the MOU is non-binding, the specific terms and conditions for the management and operation of the proposed JW Marriott Hotel Suzhou by an affiliate of Marriott International, Inc. may be subject to change. Furthermore, if the parties cannot reach agreement on the key terms and conditions, the JW Marriott Hotel Suzhou project may not materialize.

Serviced apartments

As of April 30, 2014, Jia Run Square is expected to include a total GFA of 52,654 sq.m. of serviced apartments, all of which were intended to be for sale. Jia Run Square will include serviced apartments with sizes ranging from approximately 77 sq.m. to 153 sq.m..

Office

As of April 30, 2014, Jia Run Square is expected to include a total GFA of 58,103 sq.m. of office units, of which 19,030 sq.m. were intended for sale, 37,124 sq.m. were intended to be held for investment and 1,949 sq.m. were non-saleable and non-leaseable.

Shopping mall

As of April 30, 2014, Jia Run Square is expected to have a total GFA of 25,851 sq.m. of shopping mall units, all of which were intended to be held for investment. A four-storey comprehensive shopping mall that provides shopping, food and entertainment.

OTHER INVESTMENTS

Hangzhou Danube

Immediately prior to the Reorganization, Hangzhou Danube was an associated company of our Company in which we held an aggregate of 26.492% equity interest. Please refer to the section headed "History, Reorganization and Corporate Structure – The Reorganization" in this prospectus for further information on the disposal of our minority interest in Hangzhou Danube.

Details of the shareholders and investment and capital contributed by the respective shareholders are as follows:

Shareholder	**Relationship with the Group during the Track Record Period**	**Equity Ownership** *(Note)* *(%)*	**Amount of investment and capital contributed** *(RMB million)*	**Salient terms of investment**
Zhejiang Zhong An	An indirect non-wholly owned subsidiary of Zhong An	73.508	36.7	– profit from Hangzhou Danube to be distributed pro rata as per equity ownership
Hangzhou Huijun	Subsidiary of the Group *(Note)*	17.5	8.8	
Hangzhou Junjie	Subsidiary of the Group *(Note)*	8.992	4.5	

Note: As part of the Reorganization, our Group disposed of the minority interest in Hangzhou Danube. Please refer to the section headed "History, Reorganization and Corporate Structure – The Reorganization" in this prospectus for further information on the disposal of the minority interest Hangzhou Danube.

Project held by Hangzhou Danube

Landscape Bay（景海灣）

Landscape Bay is located in Xiaoshan District of Hangzhou.

Landscape Bay consists of residential units and retail units. The project occupies a total site area of 215,334 sq.m. with a total GFA of 300,012 sq.m.. Construction of the entire project was completed in December 2011. Landscape Bay is held by Hangzhou Danube, which prior to the Reorganization, was our Group's associated company. Pursuant to the Reorganization, our Group disposed of the minority interest in Hangzhou Danube and it ceased to be an associated company of the Group.

Details of Landscape Bay based on our internal estimate, records, current use and current project plans as of April 30, 2014 are as follows:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	GFA sold	GFA pre-sold	GFA available for sale	Total leasable GFA held for investment	Non-saleable/ leasable GFA	Development costs incurred	Development costs to be incurred
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Residential	June 2009	December 2011	February 2010	247,545	183,437	6,344	55,318	–	2,446		
Retail	June 2009	December 2011	–	5,930	25	–	2,833	–	3,072		
Underground	June 2009	December 2011	–	46,536	–	–	–	–	–		
Total				300,011	183,462	6,344	58,151	–	5,518	1,984.6	–

LAND DEVELOPMENT

In November 2013, we entered into two cooperation agreements with the local government authorities in Baita and Tonglu, the PRC, for the development of land in these towns. We believe that we will benefit from the continued urbanization in China through our business expansion into land development in towns and counties in the PRC. For further information about Baita and Tonglu towns, please see the section headed "Industry Overview – 4. County Profiles". The joint venture companies formed and/or to be formed between us and the affiliates of the local government authorities for land development will primarily focus on site selection, master planning and design, and the construction of supporting infrastructure of new towns and will be responsible for all development costs, while the local government will provide assistance and support in the planning, expropriation of land, removal, demolition and resettlement works.

As a land developer, we will not be directly involved in land sales, which will be handled by the local PRC land authorities. We do not normally acquire land use rights to the land underlying our land development projects as the local government generally retains the title to the land. However, we will receive a portion of the proceeds from the sale of land use rights as per the terms of the cooperation agreements. Such sale proceeds will account for a major part of our revenue from our land development business.

Each land development project may comprise of both residential and commercial land parcels cleared and ready for sale. The relevant land authorities typically sell residential land and commercial land through public tender, auction or listing-for-bidding to real estate property developers, which may include our project companies, which in turn own, operate and may manage commercial properties such as integrated commercial complexes, hotels, offices, shopping malls, retail shops, service apartments and other facilities.

We expect to incur significant capital expenditures during the construction period in our land development projects, including significant expenditures for clearing and levelling land and the building of the necessary infrastructure. As of April 30, 2014, we had total capital commitments and commitments in respect of land development cooperation agreements of RMB118 million to be made pursuant to the articles of incorporation of the relevant joint venture companies. These commitments relate to the registered capital and capital contribution for establishment of the joint venture companies to be formed between us and the affiliates of the local government authorities for land development. We intend to finance these commitments primarily through internal resources and bank borrowings.

For further information regarding our strategy and reasons for the expansion into land development business, please see the paragraph headed "– Our Business Strategies" – We will expand our business into land development to capture development opportunities as a resulted the continued urbanization in the PRC. Please also refer to the section head "Risk Factors" of this prospectus for further details on the risks involved in our expansion into land development.

Baita Town Cooperation Agreement

We entered into the Baita Town Cooperation Agreement regarding the formation of Baita Development, a joint venture, with Baita Town Government for the development of land (including land leveling and pre-development of Baita New Town).

The principal terms of the Baita Town Cooperation Agreement are as follows:

Purpose:	formation of Baita Development, a joint venture, for the joint development of land
Proposed name of the joint venture:	白塔新城发展建设有限公司 (Baita New Town Development Construction Co., Ltd*)

Partners to Baita Development:	(1) an entity designated by the Baita Town Government under the Baita Town Cooperation Agreement; and (2) Zhongan Construction as designated by us under the Baita Town Cooperation Agreement
Scope of business:	the development of land (including land leveling and pre-development) and operation within the Baita New Town Site, such activities include, among others, master site planning, expropriation of land, demolition and resettlement, public facilities and amenities construction, promotion and property management
Duration of operation:	10 years (tentative) Development of land will be carried out in three phases in accordance with any land pre-development agreements ("**Land Pre-development Agreements**") to be entered into by Baita Development with the relevant PRC Government authority(ies) from time to time
Total investment:	RMB5 billion, which includes the cost for the development of land. The Baita Town Cooperation Agreement did not specifically provide for the respective amount of contribution to the total investment by the partners to Baita Development, and it is expected that the total investment by the partners to Baita Development will be determined according to the cooperation agreement of Baita Development and the articles of association of Baita Development

Registered capital and capital contribution:	RMB50 million, which is to be contributed as to: – RMB17 million (34%) by Baita Town Government; and – RMB33 million (66%) by the Group. The registered capital is to be contributed by each of Xianju County Liyuan Investments Co., Ltd.* (仙居縣力源投資有限公司) ("**Xianju Liyuan**"), a company designated by Baita Town Government under the Baita Cooperation Agreement as a joint venture partner for the investment in Baita Development, and the Group pursuant to the articles of incorporation of Baita Development JV, upon establishment.
Board composition of Baita Development:	total of five board members – two board members nominated by Baita Town Government – three board members nominated by the Group
Principal responsibilities of Baita Town Government:	– assisting in obtaining such approvals necessary for the development (including those relating to planning, expropriation of land, removal, demolition and resettlement works) and/or the operation of Baita Development; – assisting in the provision and coordination of public facilities involving water, sewage water, electricity, gas, river, telecommunications, etc. in the overall site planning; – procuring the signing of any Land Pre-development Agreements by the relevant PRC Government authority(ies) with Baita Development and their execution;

	– assisting the Group in obtaining the grant of land use rights to the construction land （建設用地） within the Baita New Town Site according to applicable preferential policies and such other incentives that could be offered to the Group and/or Baita Development; – rendering all such assistance and support as may be required by the Group and/or Baita Development for the operation of Baita Development.
Principal responsibilities of the Group:	– subject to the terms of any Land Pre-development Agreements, providing assistance and consultation services in the master planning of the development of the Baita New Town Site (covering aspects such as construction, funding arrangement, marketing and financial analysis, operation and management).
Profit sharing ratio:	Pro rata in accordance with the equity interests of Xianju Liyuan and our Group in Baita Development Baita Development will receive a lump sum payment upon the sale of land within the Baita New Town Site developed by Baita Development, which shall be paid from the sales proceeds of such land, to be comprised of: – an agreed percentage of the selling price per mu of land sold, subject to a guaranteed minimum fee of RMB50,000 per mu of such land; and – an amount equivalent to the portion of land sales proceeds receivable by Baita Town Government.
Arrangements relating to land development:	– Baita Development will undertake costs and expenses of the pre-development of land within the Baita New Town Site – the land developed by Baita Development will be put for sale in portions through the public tender, auction or listing process

- not less than 1,500 mu (equivalent to approximately 1,000,000 sq.m.) of land with land use rights will be sold by Baita Town Government each year to enable Baita Development to have recurring income for its operation

- sale of all parcels of land (so long as its land use rights are transferrable) developed by Baita Development within the Baita New Town Site is required to be completed within 10 years

- the Baita Town Cooperation Agreement did not specifically provide for the respective liabilities of the parties in relation to any disputes arising from the planning, expropriation of land, removal, demolition and resettlement works and it is expected that the respective liabilities of the parties in relation to the same will depend on the terms and conditions of the Land Pre-development Agreements to be agreed between the joint venture and the local government authorities at each of the different stages of the land development

- the Baita Town Cooperation Agreement did not specifically provide for the capital commitments of the joint venture, and it is expected that the joint venture's capital commitments and timing for payments for each stage of the development of land will depend on the terms and conditions of the Land Pre-development Agreements to be agreed between the joint venture and the local government authorities at each of the different stages of the land development

Restriction on transfer:	Any transfer of interests in the registered capital of Baita Development is subject to pre-emptive rights
Termination:	The Baita Town Cooperation Agreement will terminate if the registered capital contribution for the establishment of Baita Development is not made within 360 days from signing of the Baita Town Cooperation Agreement

Source of financing:	it is expected that our Group will finance the contribution to the registered capital of the joint venture from our internal resources and/or banking facilities, while the joint venture will finance its operation from the respective capital contributions by the joint venture parties, banking facilities and/or income generated from its operating activities

Tonglu Town Cooperation Agreement

We entered into the Tonglu Town Cooperation Agreement regarding the formation of Tonglu Development JV, a joint venture, with Tonglu County Government for the development of land (including land development and construction of Tonglu New Town Site).

The principal terms of the Tonglu Town Cooperation Agreement are as follows:

Purpose:	formation of Tonglu Development JV, a joint venture, for the joint development of land
Proposed name of the joint venture:	中國養生谷投資開發有限公司 (China Wellness Valley Investment Development Company Limited*) or the name as approved by the relevant government authority *(Note)*
Partners to Tonglu Development JV:	(1) Tonglu County Tourism Investment Development Co., Ltd.* (桐廬縣旅遊投資開發有限公司) ("**Tonglu Tourism**") a company established in the PRC and designated by Tonglu County Government (through The People's Government of Tonglu County Fengchuan Street Office* (桐廬縣人民政府鳳川街道辦事處)) under the Tonglu Town Cooperation Agreement; and (2) Zhongan Construction as designated by us under the Tonglu Town Cooperation Agreement

Note: The joint venture was established on March 31, 2014 with the name Tonglu Xiaoyuanshan Wellness Investment Development Company Limited* (桐廬小源山養生投資開發有限公司).

Scope of business:	the development of the project ("**Tonglu Town Project**") for the development of Tonglu New Town Site. The Tonglu Town Project comprises of the systematic land development and construction of Tonglu New Town Site. The land development and construction works will include but not limited to feasibility study on Tonglu New Town Site planning; reformation of land; environmental planning and landscaping; forestry resources protection; construction of the basic infrastructure, utilities and ancillary facilities. It also includes the master planning for the construction of tourism attraction, hotels, wellness and elderly facilities, as well as planning for the provision of resorts, leisure, medical and related services in Tonglu New Town Site.
Duration of operation:	to be determined
Total investment:	– approximately RMB2 billion for the development of the Tonglu Town Project, which includes the cost for the development of land and construction cost of Tonglu New Town Site – approximately RMB5 billion for the overall development, management, operation and investment in the Tonglu Town Project, which includes the overall development, operation and investment cost in the Tonglu Town Project – the respective amount of contribution to the total investment by the partners to Tonglu Development JV will be determined according to the master plan for the development of the Tonglu Town Project as may be approved by the Tonglu County Government, and the development plan devised for each stage of the development
Registered capital and capital contribution:	RMB100 million, which is to be contributed as to: – RMB15 million (15%) by Tonglu Tourism; – RMB85 million (85%) by our Group.

The registered capital is to be contributed by Tonglu Tourism and our Group pursuant to the articles of incorporation of Tonglu Development JV before March 13, 2034

The amount of total investment and the registered capital were determined with reference to the commercial assessment by the parties to the Tonglu Town Cooperation Agreement of the initial scale of the overall development, operation and/or investment of the Tonglu Town Project and the business preliminarily expected to be undertaken by Tonglu Development JV, respectively.

There is no provision in the Tonglu Town Cooperation Agreement regarding the source of funding for the difference between the total investment/investment budget and the registered capital of Tonglu Development JV.

Nevertheless, it is provided that, subject to the approval of the board of Tonglu Development JV, any additional funding requirement can be obtained through external financing and/or provided by the shareholders to Tonglu Development JV.

The provision of any funding or guarantee by the shareholders shall be in proportion to their respective equity interests in Tonglu Development JV.

Board composition of Wellness Development: total of five board members

– one board member nominated by Tonglu Tourism

– four board members nominated by the Group

Principal responsibilities of Tonglu County Government:	–	co-ordinate with the relevant departmental authorities to procure the resumption of collective land（集體土地）and the leasing of such parcels of forest land, agricultural land and water areas that intersect within the Tonglu New Town Site as are necessary for the development of the Tonglu Town Project to Tonglu Development JV; and render assistance to Tonglu Development JV (including attending to all necessary leasing and/or transfer procedures); and
	–	set up the "中國養生谷籌建辦 (China Wellness Valley Committee*)" and render all assistance and support as may be required for, among others, approval-related matters and local and governmental liaison necessary for the establishment of Tonglu Development JV and/or the development of the Tonglu Town Project.
Principal responsibilities of the Group:		the development of the Tonglu Town Project. Please refer to the paragraph headed "Tonglu Town Cooperation Agreement – Scope of Business" in this section for further information. With an aim of developing the Tonglu New Town Site into an internationally-recognized, vividly-themed, environmental-friendly wellness base in the PRC with sustainable growth
Profit sharing ratio:		pro rata in accordance with the equity interest of Tonglu Toursim and our Group, in Tonglu Development JV
Arrangements relating to land development:	–	Tonglu Development JV will undertake costs and expenses of the development and construction of, and the working capital for, the Tonglu Town Project

– When the reformation of land required for the development of the Tonglu Town Project has been completed, such land within the Tonglu New Town Site will be developed by the Tonglu Development JV in lots in different stages. The costs and expenses for the development of each lot of land, including the costs and expenses to be incurred by the Tonglu Development JV for the construction of the basic infrastructure, utilities and ancillary facilities in the Tonglu New Town Site (collectively, the "**Land Development Costs**") will be borne by Tonglu Development JV.

– each lot of land, after development by Tonglu Development JV, will be reserved under the land reserve center of the Tonglu County Government for sale and the Tonglu County Government will settle Land Development Costs incurred by Tonglu Development JV for such lot of land within 30 days after it has been reserved under the land reserve center

– Tonglu Development JV is entitled to receive from Tonglu County Government a payment equivalent to an agreed percentage of the net sales proceeds (total sales proceeds, less the Land Development Costs and all relevant taxes) as remuneration, which shall be payable to Tonglu Development JV in the same number of installments and in such proportion(s) as the land premium（土地出讓金）for such lot of land payable by the purchaser(s) under the relevant sale

– planning work of the Tonglu Town Project (including but not limited to provisions of types of products or level of services to be offered, devising of control planning proposals, conducting of investment and economic analysis and master planning of land use) to be completed by end of January 2014

- endeavor to achieve target of obtaining at least 2,000 mu of land within Tonglu New Town Site (based on the development requirement of the Tonglu Town Project) and apply for the change in nature of their land use rights to such uses permitted for tourism, hotel, dwellings for wellness and other property development purposes within two years from the date of establishment of Tonglu Development JV (if such target cannot be met, parties to the Tonglu Town Cooperation Agreement shall resolve the matter by way of mutual agreement), with the target being completed by 2018

- supply and allocation of land to Tonglu Development JV for land development shall not be less than 300 mu per year

- the Tonglu Town Cooperation Agreement did not specifically provide for the respective liabilities of the parties in relation to any disputes arising from the planning, expropriation of land, removal, demolition and resettlement works, except that we shall be responsible for resolving any dispute caused by us and shall be responsible for the related costs. It is expected that the respective liabilities of the parties in relation to any disputes arising from the planning, expropriation of land, removal, demolition and resettlement works will be determined according to the master plan for the development of the Tonglu Town Project as may be approved by the Tonglu County Government, and the development plan devised for each stage of the land development

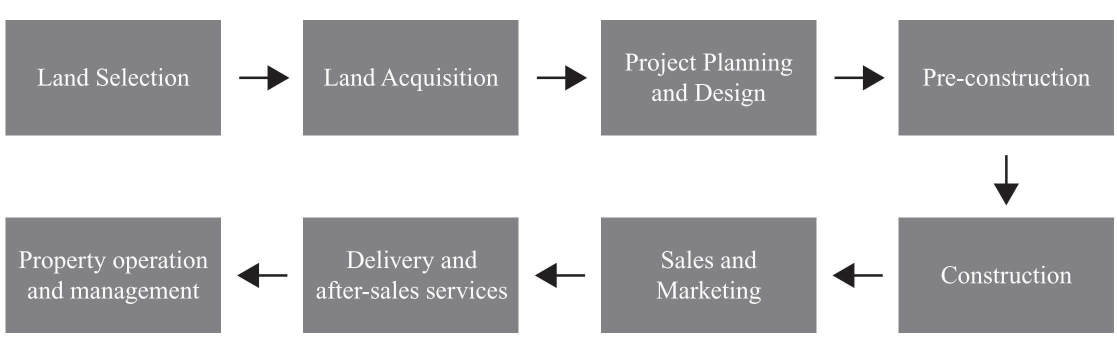
– the Tonglu Cooperation Agreement did not specifically provide for the capital commitments of the joint venture, and it is expected that the joint venture's capital commitments and timing for payments of such capital commitments for each stage of the Tonglu Town Project will be determined according to, among others, the master plan for the development of the Tonglu Town Project as may be approved by the Tonglu County Government, and the development plan devised for each stage of the development and the relevant assessment calculations. Such development plan shall be devised by the board of Tonglu Development JV and shall be subject to approval by the shareholders of Tonglu Development JV

Source of financing: it is expected that our Group will finance the contribution to the registered capital of the joint venture from our internal resources, banking facilities and/or income generated from our operating activities, while the joint venture will finance its operation from the respective capital contributions by the joint venture parties, banking facilities and/or income generated from its operating activities

Please also refer to the section headed "Risk Factors – We cannot control the timing and the selling price of the sale of land use rights in the lands we develop" in this prospectus.

PROJECT DEVELOPMENT

We have formulated and maintained a structured approach in planning, designing, investing in and developing our properties. Our project development process is described below:



	Land Selection	Land Acquisition	Project Planning and Design	Pre-construction	Construction	Sales and Marketing	Delivery and after-sales services	Property management
Summary of process	• Gather and analyze land information • Perform market research • Perform feasibility study • Perform internal assessment and approval	• Enter into contractual arrangements with the PRC Government for transfer of land for value • Arrange for bidding/ auctioning/tendering • Receive notice of successful bid/tender • Negotiate with third parties for the acquisition of equity interests in companies that hold land use rights • Sign land use rights grant contract/land transfer contract • Obtain land use rights certificate	• Decide on comprehensive project positioning • Collect feedback from existing and potential tenants and purchasers • Invite third parties to bid/tender for design proposal, including schematic design, construction design, mechanical electrical design and interior design	• Obtain relevant government permits and approvals • Obtain financing • Invite third parties to bid/tender for construction contracts	• Commence construction work in accordance with standardization and control processes • Regularly inspect and evaluate construction progress • Perform quality control inspections • Maintain cost control	• Engage in marketing and promotion • Obtain pre-sale permit • Sign, notarize and register pre-sale contract and mortgage • Enter into lease agreements	• Obtain property ownership certificate and deliver units • Obtain completion and acceptance certificate • Obtain delivery certificate • Deliver property to purchasers	• Enter into property management agreements • Manage and control leasing of projects to ensure optimal occupied mix and rental yield • Engage third-party service providers to provide ancillary services

Land Selection

In conjunction with our ongoing market and design research, we continuously work to identify and evaluate potential sites for new projects. We consider site selection to be a fundamental factor to our success in property developments and we place a strong emphasis on the site selection process. Our site selection process is co-ordinated by our project planning team. We conduct in-depth market research and analysis to understand the relevant trends of a location before we commence property development. We continually study cities in the Yangtze River Delta Region to identify new property development opportunities. In this assessment process, our research and development department conducts research of a target site to evaluate its development potential. The factors that we consider in our assessment process are, among other things:

- location and size of the land parcel and location within the region;
- infrastructure facilities, including transportation and utilities supply;
- local government's policies with respect to real estate development, future land availability and the long-term and short-term development plans for the region and its neighboring areas;
- local government's economic and technological specifications with respect to the project;
- applicable zoning regulations and government preferential policies;
- economic development prospects, taking into account local government revenue, GDP growth, social, economic and environmental effects;

- purchasing power and spending patterns of residents;
- supply and demand for commercial properties in the local market; and
- overall cost structure of the potential development and competitive landscape.

Once we decide to acquire a piece of land, we prepare a feasibility report to evaluate the land acquisition costs, construction budget, expected return and future prospects of the proposed site. If our feasibility study and research conducted indicate that the site demonstrates promising prospects and an acceptable risk profile, such study and research is offered to our board and senior management team for their review and final approval.

Land Acquisition

Historically, we have acquired land for our projects through four methods: (i) participation in the government public tender, auction or listing-for-bidding land grant processes; (ii) entering into contractual arrangements with the PRC Government for transfer of land for value; (iii) acquiring equity interests in companies that hold land use rights; and (iv) acquiring land in the secondary market.

In an acquisition of land through contractual arrangements with the PRC Government for transfer of land for value, land can be granted by the PRC Government by direct transfer to the purchaser for value, without participating the government public tender, auction and listing-for-bidding land grant processes. However, in May 2002, the Ministry of Land and Resources promulgated the Rules Regarding the Grant of State-Owned Construction Land Use Rights By Way of Tender, Auction and Listing-For-Sale《招標拍賣掛牌出讓國有建設用地使用權規定》(the "**Rules**"), which was implemented on July 1, 2002 and was amended in September 2007. Pursuant to the Rules, all land granted by the PRC Government for commercial use, tourism, entertainment and commodity residential housing must be granted by way of tender, auction or listing for sale. Our PRC Legal Advisors have advised us that, since the implementation of the Rules, our land acquisitions were in compliance with all relevant laws, rules and regulations in the PRC.

In an auction process, the relevant PRC Government authority issues a public announcement and circulates bidding documents. The participants that pass the qualification review will be allowed to attend the auction and the successful auctioneer will be granted the land use rights. Listing-for-sale is where the grantor issues an announcement specifying a set of conditions for granting the land use rights. The conditions will be listed for a period within which bidders can submit bidding applications. The successful bidder to be granted the land use rights will be announced at the end of the listing period.

Grantees of land use rights may, however, dispose of the land use rights granted to them in private sales, subject to the terms and conditions of the land use right contracts and relevant laws and regulations. To the extent permitted by law, we may choose to acquire land in the secondary market through acquiring equity interests in companies that hold land use rights, in addition to the public tender, auction, or listing for bidding process. We may also acquire land by acquiring companies that hold land use rights. When opportunities arise, we will also consider obtaining land use rights from third parties through co-development arrangements to increase our land reserves.

For details of the regulations regarding land acquisition in the PRC, please refer to the section headed "Laws and Regulations Relating to the Industry" in this prospectus.

As a commercial property developer and operator, we believe that acquiring suitable sites at competitive prices is critical to our overall business prospects and development strategy. We continually search for sites that meet our selection criteria.

We had obtained land use rights certificates for our completed projects, projects under development and projects held for future development.

Project Planning and Design

Project planning and design is conducted throughout the land selection, land acquisition, pre-construction and construction phases. We draw up an initial project development outline when conducting our preliminary screening of a site. Based on our feasibility study report and thorough research, we decide the overall design and development phases of the project so as to determine the target and major consumer groups to position our project.

We contract out the project design work for our property developments to professional architectural and design firms. Design and architectural fees paid to external firms are calculated based on industry pricing guidelines and depend to a certain extent on our design specifications. Payment is made by installments according to the progress of the project, and the contract amount is settled after the project has passed the requisite completion acceptance inspections.

Our in-house research and development department then work with the selected independent architects and design firms to determine the design of a particular property development by taking into account certain factors such as:

- proposed type of development;
- target market; and
- size and surrounding area of the site.

Our independent architects plan the site layout, project scale, business flow (pedestrian flow, traffic flow and freight flow), transportation, commercial space, and business facilities to ensure the best allocation of land use to complement each other and to allow for efficient business flow. In addition, we collect input from our potential customers during the project planning and design stage in order to proactively address their preferences. For example, when we develop an integrated commercial complex, we may specifically design certain units for the operation of supermarkets, movie theatres, hotels or other operations conducted by our proposed major tenants who have entered into agreements with us. In collecting feedback from our existing and potential customers in the project planning and design phase, we also begin marketing for the sale and rental of our planned projects, targeting both new and existing tenants and purchasers.

Once the master design concept for a project is established, our in-house research and development department will collaborate with external designers and architects, who are specialized in planning, architectural design, landscape design and interior design to transform the concept into a more detailed design drawing. All of these external designers and architects are Independent Third Parties. The detailed design document must be approved by the relevant PRC Government authorities. Once the design document is approved, the design then becomes the basis for the detailed design and construction of the project. Our research and development department also works with the project engineers and our building material procurement team to develop and determine the appropriate building methods and materials so that project costs can be controlled and our developed properties are more likely to be accepted by the targeted markets.

Pre-construction

Government Permits

Once we have obtained the rights to develop a parcel of land, we begin applying for the various permits and licenses that we need in order to begin construction and sale of our properties. Details of the certificates and permits required to commence construction are set out below:

- *land use rights certificate.* A certification of the right of a party to use a parcel of land;

- *construction land planning permit.* A permit authorizing a developer to begin the survey, planning and design of a parcel of land;

- *construction works planning permit.* A certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a work commencement permit; and

- *construction commencement permit.* A permit required for commencement of construction.

Financing of Projects

We finance our projects primarily through our internal funds, proceeds from the pre-sale of our properties, and bank loans. During the Track Record Period, we used pre-sales proceeds to fund a portion of our project construction cost for a relevant project and to repay bank loans related to the projects that have been pre-sold. Pre-sales proceeds constitute an important source of our operating cash inflow during our project development process. According to the Guideline on the Risk Management of Property Loans of Commercial Banks《商業銀行房地產貸款風險管理指引》issued by the CBRC on August 30, 2004, no loans may be granted to projects which have not obtained the relevant land use rights certificate, construction land planning permit, construction work planning permit and construction commencement permit. According to the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Project《國務院關於調整固定資產投資項目資本金比例的通知》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 prospectus. We have not experienced a shortage of funds for the financing of our projects during the Track Record Period.

We use internal funds to acquire land for our projects, and a combination of internal funds and bank loans to fund the construction of our projects. In addition, we use proceeds from the pre-sale of our properties to fund part of the construction costs of the relevant projects and to settle the related bank loans. 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 the level of external funding required.

Bank loans are our primary source of external financing, and as of December 31, 2013, we had outstanding bank and other borrowings of RMB2,434.6 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 headed "Laws and Regulations Relating to the Industry – Mortgages of Real Estate" in this prospectus.

Construction

Our construction work is outsourced to independent construction companies, which we select through a tender process. We do not undertake construction work for our properties ourselves. As our projects do not involve state ownership, we are generally not required to select the construction companies through a public tender process.

During the construction phase, our project management department works closely together with the contractors, project engineers and the external designers and architects to manage and oversee the project's progress. In addition to focusing on the functional and aesthetic aspects of the project, our design team also provides constant site supervision and conducts progress audits to ensure that construction progresses according to the design plan and schedule.

We also have a cost control department in charge of standardizing the selection of contractors, controlling construction costs, consolidating and optimizing supplier sources and attending to the tendering process.

Selection of Contractors

As of the Latest Practicable Date, the Group had selected its construction companies in accordance with the strict selection process as detailed below:

1. Our project manager, in conjunction with our cost control department and the relevant supporting technical team, recommends a list of contractors to our Group's senior management.

2. Recommended contractors are then invited to provide information in relation to, for example, their previous experience, financial status and size and composition of their project management team.

3. Based on the information provided by the contractors, our technical, design and contract departments, we prepare a shortlist of contractors to be invited to submit tenders.

4. We issue a tender notice to the shortlist of contractors.

5. Upon receipt of the tender documents, our bidding/tendering committee will analyze the tender documents and prepare a report.

6. Our bidding/tendering committee conducts interviews with the shortlist of contractors to discuss in detail the scope of work required for the project and the specifications.

7. The project manager recommends a candidate for approval by our senior management based on the tender team's analysis report and interviews.

Our contractors are not allowed to subcontract or transfer their contractual agreements with us to any third party without our prior consent. During the Track Record Period, none of our contractors subcontracted any of their contractual agreements. The contractor is typically obliged to undertake the construction work in strict compliance with our designs and requirements, and to provide progress reports on a regular basis, which enable us to closely monitor the construction progress. Our contractors are responsible for the construction quality of our projects. The contract value of a contractor is generally determined on a fixed-price basis and may only be adjusted in the event of changes in construction design agreed upon by both parties.

Our standard construction contract also includes express terms on construction schedule, cost and work quality. Under our standard construction contract, contractors are required to indemnify us for any losses we incur as a result of construction defects or delay and, in the latter case, the contractors are required to pay default interest on a daily basis.

Procurement of Materials

Our contractors are generally responsible for procuring construction materials to be used, such as cement and steel, but in certain circumstances, we may procure part of the auxiliary materials, such as elevators, air-conditioners and water supply equipment for our projects. For key construction materials such as steel and cement, we may specify the brands and our preferred suppliers in order to ensure that such materials meet our requirements. For construction materials procured by our contractors, the risk of price fluctuations may be borne by us so long as the price of such materials are as specified in the monthly price list issued by the PRC Government. The general contractors procure most of the equipment necessary for each project in accordance with our specifications. We do not own any construction equipment and do not maintain any inventory of building materials. To maintain quality control, we employ very strict procedures for selection, inspection and testing of materials. Our project management teams inspect all equipment and materials to ensure compliance with the contract specifications before accepting the materials on site and approving payment. We reject materials which are below standard or that do not comply with our specifications and return them to the suppliers. We believe that these measures allow us to better control the quality of key construction materials used in the construction of our projects and ensure timely completion of the projects. Substantially all of the costs of construction materials, procured by our construction contractors, are accounted for as part of the contractor fees upon settlement with the relevant contractors.

Quality Control

Our construction contracts generally contain quality warranties and penalty provisions for substandard work in order to ensure construction quality. Our construction contracts do not allow our construction contractors to subcontract or transfer their contractual arrangements with us to any third party. During the Track Record Period, none of our contractors subcontracted any of their contractual agreements. As a quality guarantee, we typically withhold 3% to 5% of the construction fees for one to five years after completion of the construction to set-off against any expenses incurred as a result of any construction defects. We require our construction contractors to comply with PRC laws and regulations relating to construction quality as well as our own standards and specifications. Our construction contractors are required to appoint on-site project representatives to oversee the progress, quality and safety of the construction work, pre-examination of construction materials before they are used in the project, and on-site inspections, in addition to complying with other quality control measures. Going forward, we intend to continue to conduct frequent site inspections to monitor construction progress in order to identify and resolve any problems.

Construction Supervision

Our project manager carries out the functions of quality control and construction supervision of the Group. We place a strong emphasis on quality control to ensure that our properties comply with relevant regulations and are of high quality. These procedures are strictly adhered to by our functional departments, project companies and by our construction supervisors. As part of our quality control procedures, our policy is to only contract with reputable design and construction companies.

To ensure quality and monitor the progress and workmanship of construction, each project has its own on-site project management team, which is led by our deputy general manager of the project company. Our project management teams provide on-site supervision of the project.

In compliance with PRC laws and regulations, we also engage independent certified construction supervision companies through the tender process to monitor certain aspects of our project construction. These construction supervision companies conduct quality and safety control checks on all building materials and workmanship on site. They also monitor the progress of construction, work site safety and construction completion schedules. In selecting construction supervision companies, we consider their reputation in the industry, past experience in construction supervision in particular previous dealings with our projects, and qualification and experience of key personnel designed for our project. Fees paid to the construction supervision companies are determined based on a negotiated percentage of the total construction cost of a project. We typically make quarterly payments to the construction supervision company until 70% to 80% of the contract amount is paid. The remaining amount will be settled within 15 to 30 days after the project has passed the completion acceptance inspection.

During the Track Record Period, we had not experienced any material defects in the quality of our property projects.

Payment

Our construction contracts generally provide for progressive payments based on a certain percentage of completion reached until an aggregate of approximately 80% of the total contract price has been paid. We will then settle an additional 17% to 15% of the total contract amount after the project has passed the completion acceptance inspection and the certificate of completion has been issued. We typically withhold the remaining 3% to 5% of the total contract amount as retention money to cover any contingent expenses incurred as a result of any construction defects during the warranty period. Any unused portion of the retention money will be returned to the construction contractors at the end of the warranty period. Warranty periods typically range from one to five years after construction.

During the Track Record Period, we did not experience any incident where the retention money was insufficient to cover the amount we had to pay to rectify the construction defects.

Sales and Marketing

We have a dedicated sales and marketing team who, together with outside sales and marketing consultants we hire in regions where we operate, determine the appropriate advertising and sales plans for our property developments.

Our promotion channels include commercials on local television networks, billboards, visual media and print media and model displays of our proposed projects. Our sales and marketing team is responsible for conducting detailed analyses of market conditions, preparing promotional materials, conducting general promotional campaigns, recommending unit prices and pricing-related policies for our projects and coordinating and monitoring our relationship with the media.

For our integrated commercial complexes, we sell a portion of our units for immediate return of capital to fund our business operations and expansion, while strategically retaining other properties for recurring rental income and long-term capital appreciation. We target sales of our commercial complex units to individuals interested in investing in commercial real estate properties. Our target rental customers are retail, supermarket, hospitality, and entertainment service providers and other business entities seeking to lease quality premises in prime locations. We focus on entering into lease agreements with internationally and nationally well-known F&B companies, hotel chains and entertainment companies, such as Starbucks, KFC, Haagen Dazs, Paul Frank, Izzue, Jinjiang Inn（錦江之星）, Sanbi Hotel（三碧酒店）and Youbang Hotel（友邦酒店）. We believe these tenants will further enhance our brand image and attractiveness of our projects.

Lease Agreements

Prior to the commencement of operation of a project, we finalize our plans for our properties held for investment and begin to implement our plans for such properties, which include the following:

- *Terms of each tenancy agreement:* determine the term of the lease contracts, rent, deposit and any incentive terms for tenants;

- *Types of tenants:* types of business, brands, and class of each potential tenant; and

- *Requirements of each tenant:* size of leased area and quantity of units leased.

As part of our marketing strategy, we invite potential customers to visit our completed projects and notify them of the terms which we are able to offer to them. If the tenant satisfies our selection criteria and meets our requirements and plans for our project, then we will enter into a lease agreement with them.

Please refer to the paragraph headed "– Investment Properties and Our Property Leasing Business – Tenants and Leases" in this section for further details regarding our lease agreements and tenants.

Pre-Sale

Like other developers, we pre-sell properties prior to the completion of their construction. Our pre-sales typically occur phase by phase and we use the pre-sale proceeds to fund a significant portion of the project construction cost for the relevant project. According to the Urban Real Estate Law《中華人民共和國城市房地產管理法》and the Pre-sale Measures《城市商品房預售管理辦法》, the following conditions must be fulfilled before the pre-sale of a particular property can commence:

- the land premium must be paid in full and the land use rights certificate must have been obtained;
- the construction works planning permit and the construction commencement permit must have been obtained;
- the funds contributed to the development of the project shall amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion of the project for use must have been ascertained; and
- the pre-sale permit must have been obtained from the local government authorities.

These mandatory conditions prohibit developers from pre-selling properties until substantial progress in project construction and capital expenditures has been achieved. Generally, local governments also require developers and property purchasers to use standard forms of sale and purchase agreements. Developers must file all sale and purchase agreements with local real estate and land administrative departments within 30 days of entering into such contracts.

During the Track Record Period, we have satisfied the above pre-sale conditions before we started pre-selling the properties we developed and we applied the pre-sale proceeds only towards the settlement of construction costs and other project costs in accordance with the relevant statutory requirements for pre-sales.

In determining the selling prices of our properties, our investment and development department and our project companies conduct market research and prepare a selling price recommendation report, taking into account the prices of properties with similar quality in the surrounding areas, construction costs, construction schedule and other investment return considerations. The selling price recommendation report is then submitted to our sales and marketing departments for review before it is given to our senior management for final approval.

Payment Arrangement

Purchasers of our properties, including those purchasing pre-sold properties, may pay the purchase price using mortgage loans from banks. We normally require our purchasers to pay a nominal amount of non-refundable deposit (of 2% of the purchase price) upon entering into the sale and purchase agreements. If the purchasers later default on the sale and purchase agreements, they will forfeit such deposit. During the Track Record Period, no purchasers defaulted on their sale and purchase agreements. If purchasers choose to fund purchases with mortgage loans provided by banks, they are typically required to pay not less than 50% of the total purchase price of the property, and the mortgagee banks will pay the remaining balance after the purchasers have completed the mortgage application procedures. It is their responsibility to apply for and obtain the mortgage approvals although we will assist them if necessary.

Most of our customers purchase our properties by utilizing mortgage financing. In accordance with industry practice in China, we provide guarantees to banks in respect of the mortgage loans they are providing to the purchasers of our pre-sold properties. Under the guarantees, we are required to guarantee the timely repayment of the principal and interest amount of the loans by the purchasers. As a guarantor, we are jointly responsible for the payment of the mortgage loans. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers; and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our properties. We rely on the credit checks conducted by the mortgagee banks. For the years ended December 31, 2011, 2012 and 2013 our outstanding guarantees on mortgage loans of the purchasers of our properties amounted to RMB102.3 million, RMB213.1 million and RMB222.9 million, respectively. During the Track Record Period, we did not encounter any mortgage loan default with respect to which we were required by mortgagee banks to honor our obligations.

Delivery and After-Sales Services

We endeavor to deliver our properties to our customers on a timely basis. We closely monitor the progress of construction of our projects as well as conduct pre-delivery inspections to ensure timely delivery. The time frame for delivery is set out in the sale and purchase agreements or lease agreements entered into with our customers. In relation to our properties for sale, after construction is completed, we need to obtain a completion and acceptance certificate from the relevant local governments before we are able to deliver the properties to our customers. Once the completion and acceptance certificate is obtained, our customer service staff notifies our customers in respect of delivery. Our sales and marketing departments and our construction department, together with the property management company for the project, will perform quality check to the properties prior to delivery to ensure quality. When we deliver the completed projects to our customers, we are also required to deliver the building quality guarantee certificate (非住宅商品房質量保證書).

If we fail to deliver the properties to our customers within 90 days of the date of delivery stipulated in the sale and purchase agreements, we will be liable to pay a monetary penalty of approximately 0.01% to 0.05% of the proceeds from the pre-sale per day. During the Track Record Period, we were not liable to pay any monetary penalty.

After delivery of completed projects, we are then required to assist our customers to obtain the property ownership certificates by providing all requisite information to the local titles office for registration. We have a specialized customer service team designated to provide comprehensive after-sale services to our customers, which includes assistance in financing applications, title registration and obtaining relevant title certificates.

We also provide quality property management and after-sale services to our customers.

During the Track Record Period, we did not experience any delay in delivery of properties to our customers.

Property Management

We typically locate and engage third party property management service providers at our own expenses to provide services such as security, property maintenance, cleaning and other ancillary services to our tenants (the "**Ancillary Services**"). We generally enter into service agreements with these service providers with a term of one to three years. We usually renew such service agreements upon their expiration and we have never encountered any difficulty in finding such service providers in the past. We believe that such service providers are readily available in the market as the property management services industry is competitive. We also provide overall management of the operation of our integrated commercial complexes, including identifying the target customers and creating the image of the shopping malls, organizing the marketing campaigns and overseeing the overall operation (the "**Overall Management Services**").

The following table sets forth a summary of the property management services provided to our completed projects before and after Listing:

	Before Listing		After Listing	
Project	**Ancillary Services**	**Overall Management Services**	**Ancillary Services** *(Note 1)*	**Overall Management Services**
Guomao Building	Remaining Zhong An Group	Remaining Zhong An Group	Highlong Commercial Buildings	Highlong Commercial Buildings
Integrated Service Center	Remaining Zhong An Group	Remaining Zhong An Group	Highlong Commercial Buildings	Highlong Commercial Buildings
Highlong Plaza	Independent Third Party	Highlong Commercial Buildings	Independent Third Party	Highlong Commercial Buildings
Landscape Garden (Phase I)	Remaining Zhong An Group	Remaining Zhong An Group	Highlong Commercial Buildings	Highlong Commercial Buildings
Landscape Garden (Phase II)	Remaining Zhong An Group	Remaining Zhong An Group	Highlong Commercial Buildings	Highlong Commercial Buildings
White Horse Noble Mansion	Independent Third Party	Remaining Zhong An Group	Independent Third Party	Highlong Commercial Buildings

Project	Before Listing: Ancillary Services	Before Listing: Overall Management Services	After Listing: Ancillary Services (Note 1)	After Listing: Overall Management Services
New White Horse Apartments	Independent Third Party	Remaining Zhong An Group	Independent Third Party	Highlong Commercial Buildings
Xihu Guomao Center	Independent Third Party	Remaining Zhong An Group	Independent Third Party	Highlong Commercial Buildings
Hidden Dragon Bay	Remaining Zhong An Group	Remaining Zhong An Group	Remaining Zhong An Group (Note 2)	Highlong Commercial Buildings
La Vie	Independent Third Party	Remaining Zhong An Group	Independent Third Party	Highlong Commercial Buildings

Notes:

(1) In future, we plan for all Ancillary Services to be provided by Highlong Commercial Buildings as soon as we have obtained the necessary qualifications as required under PRC laws and regulations. For further details regarding our property management qualifications and the requirements under relevant PRC laws and regulations, please see the paragraph headed "– Qualifications" in this section and the section headed "Laws and Regulations Relating to the Industry" in this prospectus, respectively.

(2) For details regarding the continuing connected transaction, please see the section headed "Continuing Connected Transactions" in this prospectus.

PROJECT ACQUISITION

In addition to acquiring land and developing properties to increase our land bank, we also acquire properties, which have been developed by Independent Third Parties, namely the units in La Vie and Xihu Guomao Center projects. We purchased certain units of Xihu Guomao Center to be used as our offices as of December 31, 2013 as it is located next to West Lake. La Vie is located in Shanghai in Xuhui District. We purchased certain units of La Vie as it was situated in the city center and we believed it would provide good investment returns. We do not have plans to purchase projects in future.

HOTEL AND SERVICED APARTMENT OPERATION

We will consider the following factors when deciding whether to lease a hotel to tenants or to operate a hotel ourselves:

- location of the project;
- branding of the project; and
- potential tenant.

In general, we will lease a hotel to tenants if we decide that the planned hotel will be a budget hotel; we will operate and manage a hotel ourselves under our "Run Zhou" or "潤洲" brand if we decide that the planned hotel will be a mid-end hotel or resort hotel; and we will operate a hotel ourselves but have Independent Third Party hotel operators manage the hotel if we decide that the planned hotel will be a high-end or luxury hotel.

Hotels and serviced apartments operated and managed by us

As of December 31, 2013, we had plans to operate and manage two hotels, namely, our Hangzhou Qiandao Lake Run Zhou Resort Hotel, which is expected to be completed in October 2015 and the VC Hotel.

We plan to operate our Hangzhou Qiandao Lake Run Zhou Resort Hotel and the VC Hotel under our "Run Zhou" or "潤洲" brand, which we expect to mainly target local PRC tourists and we plan to market to tour groups to help increase our revenue as well.

On March 20, 2014, we entered into a Pre-opening Management Agreement with Anhui Zhong An Real Estate to manage a hotel in its Vancouver City project. For further details regarding the Pre-opening Management Agreement signed with Anhui Zhong An Real Estate, please see the section headed "Continuing Connected Transactions – Continuing Connected Transactions Exempt From the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements – (iii) Pre-opening Management Agreement" in this prospectus.

For further details regarding the Hangzhou Qiandao Lake Run Zhou Resort Hotel, please see the paragraph headed "– Our Property Projects – Hangzhou Qiandao Lake Run Zhou Resort Hotel（杭州千島湖潤洲度假酒店）– Project under development" in this section.

In addition, as of December 31, 2013 we managed serviced apartments at our Hidden Dragon Bay project. We expect to provide services such as house keeping, cleaning and concierge services for purchasers of the serviced apartments at our Hidden Dragon Bay project.

Hotels and serviced apartments operated by us and managed by Independent Third Parties

In addition to managing hotels and serviced apartments ourselves, we also engage Independent Third Parties to manage our hotels and serviced apartments.

The following table sets forth a summary of the agreements entered into with Independent Third Parties to manage our hotels and serviced apartments based on our internal estimates, records and current project plans as of the Latest Practicable Date:

Hotel Name	Project	Type of contract	Stage of development	Management Term/ Proposed Management Term	Management Fees/ Proposed Management Fees	Services Provided/ Proposed Services Provided
Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店)	Highlong Plaza	Hotel management agreement	Completed	10 years	● monthly fee calculated based on the adjusted gross income of the hotel per month ● an incentive royalty fee calculated based on a fixed percentage of the operating profit of the hotel per month	● managing daily operation of the hotel consisting of 417 rooms under the "Holiday Inn (假日酒店)" brand ● formulating operational and strategic plans for the hotel business ● recruiting and training hotel staff ● use of the "Holiday Inn" and "假日酒店" brand name
Doubletree by Hilton Yuyao (余姚眾安希爾頓逸林酒店)	Zhong An Times Square	Hotel management agreement	Under development	20 years	● monthly fee calculated based on the gross operating profit of the hotel per month ● an incentive royalty fee calculated based on a fixed percentage of the operating profit of the hotel per month	● managing daily operation of the hotel consisting of 365 rooms including 20 suites under the "Doubletree by Hilton (希爾頓逸林)" brand (Note) ● recruiting and training hotel staff ● use of the "Doubletree by Hilton" and "希爾頓逸林" brand name(Note)
Fairmont (費爾蒙)	International Office Center (Plot A1 and A3)	Hotel and serviced apartment management agreement	Under development	25 years	● monthly fee calculated based on the revenue of the hotel and serviced apartments per month ● an incentive royalty calculated based on a fixed percentage of the operating profit of the hotel and serviced apartments per month	● managing daily operation of the hotel and serviced apartments consisting of 300 standard hotel rooms and 180 serviced apartments under the Fairmont "(費爾蒙)" brand ● recruiting and training staff ● use of the "Fairmont" and "費爾蒙" brands
JW Marriott (JW萬豪)	Jia Run Square	MOU for hotel management (valid until March 31, 2014) (Note)	Under development	25 years	● monthly fee calculated based on the revenue of the hotel per month ● an incentive royalty calculated based on a fixed percentage of the operating profit of the hotel per month	● review plans for the hotel to ensure that the facilities are constructed and designed at a quality level consistent with the hotel ● manage 283 standard hotel rooms and 22 suites under the "JW Marriott (萬豪)" brand ● management services to be further detailed upon signing of the hotel management agreement

Note: As at the Latest Practicable Date, we were negotiating terms of a hotel management agreement with JW Marriott.

Hotel Name	Project	Type of contract	Stage of development	Management Term/ Proposed Management Term	Management Fees/ Proposed Management Fees	Services Provided/ Proposed Services Provided
Swissôtel (瑞士酒店) (Plot A3 and A2)	International Office Center	management agreement for hotel and serviced apartment	Held for future development	25 years	● consulting fee of RMB1.8 million before the opening	● manage hotel consisting of standard hotel rooms and serviced apartments under the "Swissôtel (瑞士酒店)" brand
Ascott (雅詩閣) (Plot A3)	International Office Center	management agreement for serviced apartment	Under Development	12 years	● monthly fee calculated based on the gross operating profit of the hotel per month ● other fees based on extra services provided by the management party	● managing serviced apartments under the "Ascott (雅詩閣)" brand ● providing consulting services before the opening of the hotel

Note: The "Hilton", "Doubletree by Hilton" trademarks mentioned in this document are the exclusive properties of Hilton Worldwide, the owner of such trademarks are not the Company. The aforementioned trademark's owner, its parent company, subsidiaries or affiliates, licensee or any of their respective officers, directors, team members, managers, shareholders, agents or employees (collectively, the "Hilton Parties"), are not issuer or sponsor of the underlying securities in the document, nor they had or have any role in the offering and sale of these securities. They did not authorize, endorse or facilitate the offering and issue of the securities. They assume no responsibility in respect of the preparation and the content of the document. Each of the Hilton Parties did not provide or assist in the preparation of the document in respect of any financial statements, projections, plans or any other financial information. Each of the Hilton Parties did not authorize or procure the release of any part of this document, and expressly deny to assume any responsibility of any part of this document.

In addition, each of the Hilton parties does not make any representations or warranties as to the accuracy, effectiveness, reliability or completeness of the information in the document, whether express or implied. Each of the Hilton Parties does not assume any responsible in any way in respect of information, offer or sale derived from the document or any claim, loss or damage related to the underlying securities in the document, including information contained in the document or any financial statement, plan or any other financial information or other information in relation to the offer or sale of the underlying securities that have to be published separately. No recourse should be made to each of the Hilton Parties in respect of offer or sale of underlying securities in the document and/or any alleged or actual misconduct related to business operation. No obligation should be imposed on each of the Hilton Parties.

CUSTOMERS AND SUPPLIERS

Customers

Our major customers are purchasers and tenants of our commercial properties. For the years ended December 31, 2011, 2012 and 2013, our five largest customers in aggregate accounted for 18.8%, 15.1% and 2.2%, respectively, of our total revenue. For the years ended December 31, 2011, 2012 and 2013, the percentage of revenue attributable to our largest customer was 4.4%, 4.8%, 1.0%, respectively. None of our Directors, their respective associates or any shareholder who owns more than 5% of our issued capital, to the best knowledge of our Directors, had any interest in any of our five largest customers during the Track Record Period.

Suppliers/Contractors

Our major suppliers are construction material suppliers and construction contractors. For the years ended December 31, 2011, 2012 and 2013 our five largest suppliers in aggregate accounted for 52.4%, 49.7%, and 44.2%, respectively, of our total purchases. For the years ended December 31, 2011 and 2012, and 2013 our largest supplier accounted for 15.0%, 16.6%, and 15.7%, of our total purchases, respectively. None of our directors, their respective associates or any shareholder who owns more than 5% of our issued capital, to the best knowledge of our Directors, had any interest in any of our five largest contractors during the Track Record Period.

INVESTMENT PROPERTIES AND OUR PROPERTY LEASING BUSINESS

Our business model is designed to balance short-term capital needs and long-term financial strength. While we generally retain our commercial properties upon completion, we primarily sell a mix of retail units, office, serviced apartments, and leisure mansions for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. This allows us to generally fund our operations through cash flows stemming from rental income derived from our commercial properties, while allowing us to benefit from additional capital from the sale of properties for our overall operations. We are also able to enjoy potential capital appreciation on our commercial properties over the long term to take advantage of prime locations of our commercial properties. As of December 31, 2013, we held an aggregate GFA of approximately 159,291 sq.m. as completed investment properties, representing 18.6% of our total GFA of completed projects.

The following table sets forth a breakdown of our revenue from the leasing of properties by project for the periods indicated:

	Property leasing income			Effective leased area			Occupancy rate		
	For the year ended December 31,			For the year ended December 31,			For the year ended December 31,		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*	*(%)*	*(%)*
Guomao Building	4,616	5,673	5,193	10,614	7,667	7,667	86.8	62.7	62.7
Integrated Service Center	1,793	1,697	2,537	2,949	2,949	4,246	49.9	49.9	71.8
Highlong Plaza	57,648	61,904	69,095	97,344	97,345	94,130	92.2	92.2	89.1
Landscape Garden (Phases I and II)	667	862	1,018	5,867	5,748	8,670	53.9	52.8	79.6
La Vie	686	721	754	341	341	341	100.0	100.0	100
Hidden Dragon Bay	–	–	3,319	–	–	7,897	–	–	32.5

As of the Latest Practicable Date we had obtained all the relevant building ownership certificates with respect to our completed investment properties.

Tenants and Leases

We have a leasing department responsible for formulating strategies for our investment properties. Generally, we grant leases of a longer term, such as five to fifteen years, to major tenants such as major department stores, chain movie theaters, fitness centers, and hotel operators, and we grant leases of a shorter term, such as one to three years, to fashion boutiques and average retailers. We also choose our tenants according to the overall plans of our projects, with an aim to build a portfolio of diversified and high-quality tenants. We determine the average rents with reference to market rents in neighboring areas.

We focus on maintaining and enhancing the positioning of our projects by establishing and maintaining relationships with international and domestic brands across a wide spectrum of sectors. Certain potential tenants have also indicated an interest to lease units in our projects.

The lease terms of our investment properties are determined by our leasing department with reference to market research (conducted by our in-house teams) on the supply and demand of similar properties in the vicinity, prevailing rental rates and terms and conditions. For large-scale developments, such as Highlong Plaza, major tenants are introduced to enhance visitor volume and enhance retail mix. For this reason, major tenants are usually given more favorable rental rates and longer lease terms, while higher rates and shorter terms are offered to smaller tenants. We actively market our investment properties to both international and local retail chains as well as smaller specialist shops mainly through advertising activities during the pre-leasing period. We also selectively offer concessions such as rent-free periods primarily ranging from one to three months for interior decoration to tenants and longer periods for preferred tenants. We believe our strategies, combining a diverse mix of tenants, conducting effective advertising and providing flexible leasing arrangements, will achieve a balanced, stable and profitable portfolio of recurrent income-generating investment properties.

We seek tenants who could help us to promote the image of our investment properties and we take into account the following factors when selecting potential tenants:

- reputation and general brand recognition within its sector;
- goods and services offered by such tenant;
- track record and past relationship with us; and
- potential level of lease payments.

Rents of short-term lease agreements are typically determined based on prevailing market rates, and rents of long-term lease agreements are typically determined based on the expected growth in the area taking into consideration the factors such as project location, transportation, and pedestrian traffic. In addition, rents payable by our major tenants may also include a turnover component. Rental payments for these leases consist of a monthly base rent and a turnover component calculated annually in accordance with the turnover of a particular tenant for that particular year. Tenants are also required to pay their own utility charges. We believe this unified management system assist us to better understand the operation of our tenants and expand the channel of our revenue income. For the years ended December 31, 2011, 2012 and 2013, the leasing income and our property management fees income amounted to RMB70.8 million, RMB79.1 million and RMB84.7 million, respectively.

Under the lease agreements we enter into with our tenants, if our tenants terminate the leases without cause before the expiry of the lease terms, we are entitled to retain their security deposits generally ranging from one to three months. In addition, we are entitled to rely on other contractual remedies available to us as a result of the early termination by the tenants.

The following table sets forth details of the lease agreements entered into with our tenants who lease our properties for hotel use in terms of rental income received for the year ended December 31, 2013:

Ranking	Name	Project	Lease commencement date	Lease expiry date	Lease term	Type of rent	Rent free period	Termination by lessee
1.	Ningbo Sanbi Hotel (寧波三碧酒店)	Highlong Plaza	December 2009	December 2021	12 years	Fixed rent for the first three years with a fixed percentage increase for the forth to six year; seventh to eighth year; ninth to tenth year; and tenth to twelfth year	Two months	If the property is expropriated by the PRC Government
2.	Jinjiang Inn Xiaoshan (錦江之星蕭山) and Bestay Hotel Express Xiaoshan (蕭山百時快捷酒店)	Guomao Building	November 2010	November 2026	15 years	Fixed rent for the first three years with a fixed percentage increase every three years thereafter	Five months	(i) the property is illegally owned by us; or (ii) the contract cannot be fulfilled as a result of unforeseeable natural disaster.
3.	Hangzhou Youbang Hotel (杭州友邦酒店)	Highlong Plaza	March 2009	March 2014	Five years	Fixed rent for the first year with a fixed percentage increase for every year thereafter	None	If the property is expropriated by the PRC Government
4.	Rest Motel Xiaoshan (蕭山銳思特汽車酒店)	Integrated Service Center	April 2013	April 2021	Eight years	Fixed rent for the first two years with a fixed percentage increase every two years thereafter	Three months	We delay in the delivery of the property for more than 30 days

The following table sets forth the top five tenants of our investment properties (excluding our tenants who lease our properties for hotel use) in terms of rental income received for the year ended December 31, 2013:

Ranking	Name	Project	Industry	Lease commencement date	Lease expiry date	Lease term	Type of rent	Rent free period	Termination by the lessee
1.	Yizhijia Department Store (衣之家百貨)	Highlong Plaza	Department Store	November 2007	November 2017	10 years	Fixed rent with an annual increment and a fixed percentage of its gross operating profit	Three months	(i) unforeseeable natural disaster and we are unable to repair the property such that the property is unfit for the lessee to operate its business; (ii) the property is illegally owned by us; (iii) we fail to deliver the property by the commencement date of the lessee's business; or (iv) we do not comply with the terms of the lease and such breach is not cured causing the lessee to suffer material damages
2.	Henglong Movie World (恒隆電影大世界)	Highlong Plaza	Entertainment	March 2007	March 2022	15 years	Fixed percentage of its annual box office sales over RMB 3 billion or a fixed percentage of its annual total box office sales, whichever is higher	Five months	None
3.	Imperial Food City (帝豪美食城)	Highlong Plaza	Food & Beverage	September 2010	September 2015	Five years	Fixed rent with an annual increment	Three months	(i) we do not comply with the terms of the lease and such breach causes the lessee to suffer material damages; (ii) unforeseeable natural disaster and we are unable to repair the property within six months
4.	New World Department Store (新世界名品)	Highlong Plaza	Clothing	February 2012	January 2017	5 years	Fixed rent with annual increment	one month	Unforeseeable natural disaster and we are unable to repair the property within six months

Ranking	Name	Project	Industry	Lease commencement date	Lease expiry date	Lease term	Type of rent	Rent free period	Termination by the lessee
5.	Centurymart (世紀聯華超市)	Integrated Service Center	Supermarket	October 2005	September 2015	10 years	Fixed rent for the first three years with an increment every three years thereafter	Thirty days	(i) we do not comply with the terms of the lease and such breach causes the lessee to suffer material damages; or (ii) the lessee is unable to operate the business due to the fault of lesser

During the Track Record Period, save for Yigang Department Store and Party City KTV, none of our major tenants had defaulted on their rental payments, terminated their lease agreements with us prior to the expiry of the lease terms or were in breach of the lease agreements in any material respects. As at the Latest Practicable Date and to our best knowledge, we are not aware of any circumstances that may lead to a default in rental payment or early termination of lease agreements in relation to any of our other major tenants.

The following table sets forth details regarding the circumstances relating to the termination of lease agreements with Yigang Department Store and Party City KTV as at the Latest Practicable Date:

Name	Lease Agreement Date	Lease Expiry Date	Lease Termination Date	Security Deposit	Reason for termination	Rental payments outstanding
				(RMB)		
Yigang Department Store	April 2009	March 2014	January 2012	300,000	• Commercial reasons	None
Party City KTV	October 2010	September 2015	June 2013	400,000	• Default on rental payments	RMB151,129

We do not expect any significant difficulties in renewing our existing leases or entering into new leases with suitable tenants for our investment properties as we have entered into MOUs detailing terms such as the proposed lease term, rental price, total GFA to be leased and proposed, usage, with potential tenants for our projects namely, Guomao Building, Integrated Service Center and Landscape Garden.

PROPERTIES USED BY US

As of April 30, 2014, we owned and used properties with a total GFA of approximately 676 sq.m. in our Xihu Guomao Center project as our office facilities. In addition, as of April 30, 2014, we leased 13 properties, which we used as our offices facilities and car parking spaces.

COMPETITION

The PRC real estate industry is highly competitive. We compete with other real estate developers based on a number of factors including product quality, service quality, price, financial resources, brand recognition, ability to acquire proper land reserves and other factors. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, such as leading developers from Hong Kong. These competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition. See “Risk Factors – Risk Relating to the PRC Real Estate and Hotel Industry – We face intense competition from other commercial property developers in China”.

We also face competition in the property leasing and property management business from other real estate developers or operators. Compared with property development, the property leasing and property management business requires smaller commitments of capital resources and has a relatively low barrier of entry. As a result, we expect to see increasing competition in the property leasing and property management business as more cities in the PRC are developed and an increasing number of properties are being outsourced to third parties to operate and manage. Our competitors may have more experience and resources than us.

Moreover, we also face competition in the hotel management business from other hotel management companies. The hotel industry is subject to strong competition. We face competition from domestic and international hotel operators. The PRC hotel industry remains substantially fragmented and most international hotel operators have only made inroads into the PRC market in recent years. Our competitors may have more experience and resources that us, however we see potential for our hotel management business to develop in future.

Please refer to the section headed “Industry Overview” in this prospectus for further information regarding the PRC real estate market.

INTELLECTUAL PROPERTY RIGHTS

We have registered the trademark “ ” in Hong Kong and the PRC. As of the Latest Practicable Date, we had (i) registered one trademark in the PRC and Hong Kong and (ii) applied for the registration of nine trademarks in the PRC, which were material to our Group’s business. We had also registered one domain name, which was our company’s website, which was material to our Group’s business. Our Directors confirm that we did not suffer any infringement of our intellectual property rights by any third parties during the Track Record Period and we did not violate any intellectual property rights of third parties during the Track Record Period. For further details of the relevant trademarks and domain names, please refer to the section headed “Further information about our Company and our subsidiaries – 11. Intellectual property rights of our Group” in Appendix V to this prospectus.

INSURANCE

We carry employer's liability insurance for medical and related expenses that our employees may incur as a result of personal injuries on our workplace or construction sites of our property developments. We do not, however, maintain property damage or third-party liability insurance on our workplace or property developments. Under existing PRC laws, these types of insurance are not mandatory and may be purchased on a voluntary basis.

We are required by the banks to maintain property damage and third-party liability insurance on properties that have been pledged as collateral to secure our bank loans. We have obtained insurance coverage in accordance with the requirements of the loan documents.

Under the contracts we enter into with our construction contractors, the construction contractors are responsible for quality and safety controls during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have a set of standards and specifications for the construction workers to follow during the construction process. We engage certified construction supervision companies to oversee the construction process. Under PRC laws, construction contractors bear the primary civil liability for personal injuries, accidents and death arising out of their construction work where such personal injuries, accidents and deaths are caused by the construction companies. Property owners may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are due to the fault of such owner. As we have taken a number of reasonable steps to prevent construction accidents and personal injuries, we believe that we will be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us. We may re-evaluate the risk profile of the property markets and adjust our insurance practice from time to time. We believe our insurance coverage is in line with industry practice.

ENVIRONMENTAL MATTERS

We are subject to PRC environmental and safety laws and regulations promulgated by both the central and local governments, including 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, we are required to submit an environmental impact assessment report to the relevant government authorities for approval before commencement of construction, and to undergo an environmental assessment for each project we develop. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, we are required to apply for an environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

We are committed to complying with relevant PRC laws and regulations on environmental protection and safety by engaging construction contractors with good environmental protection and safety track records. When entering into construction contracts with them, we request that they strictly comply with all current PRC environmental protection and safety laws and regulations including using construction materials and employing construction methods that meet the requirements of such laws and regulations and control the pollution caused during the construction. In addition, we closely monitor the project at every stage to ensure the construction process is in compliance with the environmental protection and safety laws and regulations and require our construction contractors to immediately remedy any default or non-compliance. We believe our environmental protection measures are in line with industry practice.

Pursuant to the Environmental Impact Assessment Law《中華人民共和國環境影響評價法》promulgated in September 1, 2003, All of our completed projects and projects under development have received the requisite environmental approvals. Upon completion of each property project, the relevant PRC Government authorities will also inspect the property site to ensure that we have complied with the applicable environmental and safety standards. During the Track Record Period, we did not experience any material environmental pollution incident and there was no penalty imposed on us for violation of environmental laws and regulations. Therefore, we believe that we are in compliance with PRC environmental and safety regulations and we did not have any non-compliance during the Track Record Period. For the years ended December 31, 2011, 2012 and 2013 we incurred environmental compliance costs of approximately RMB84,000, RMB91,000 and RMB247,000, respectively. We forecast that the costs to be incurred for compliance with applicable environmental laws and regulations will be approximately RMB282,000 for the year ending December 31, 2014.

HEALTH AND SAFETY MATTERS

We out-source all construction work to independent construction contractors and require them to comply with the required safety standards in accordance with written agreements. Pursuant to the terms of these written agreements, we require our construction contractors to purchase accident insurance according to applicable laws and regulations to cover their workers and adopt effective occupational safety control measures, such as providing workers with necessary protective equipment and offering them regular medical examinations and workplace safety training. During the Track Record Period, we did not encounter any material safety incident.

EMPLOYMENT

As of December 31, 2013, we had a total of approximately 552 employees. The following table sets forth a breakdown of our employees by function as of December 31, 2013.

Department	Number of employees	Percentage of total employees
Management	4	0.7%
Project construction and engineering	24	4.3%
Sales and marketing	27	4.9%
Human resources and administration	9	1.6%
Finance and audit	4	0.7%
Customer service	8	1.4%
Legal	1	0.2%
Research and development	6	1.1%
Property Management	110	19.9%
Corporate affairs	6	1.1%
Hotel management	335	60.7%
Property Leasing	16	2.9%
Others	2	0.4%
Total	552	100.0%

We believe we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations. As required by the PRC laws and regulations, including the Labor Contract Law of the PRC《中華人民共和國勞動合同法》and its implementation regulations, the Labor Law of the PRC《中華人民共和國勞動法》and the Opinions on Several Questions concerning the implementation of the Labor Law of the PRC《關於貫徹執行〈中華人民共和國勞動法〉若干問題的意見》, we are required to enter into a written employment contract with each employee and shall not rescind the employment contract without cause. We are also required to have health and safety policies and provide health and safety training to our employees. We provide our employees with a safe and hygienic working environment as well as any protective equipment if necessary.

Pursuant to the Social Insurance Law of the PRC《中華人民共和國社會保險法》, the Interim Regulations on the Collection and Payment of Social Insurance Premiums《社會保險費征繳暫行條例》, Certain Provisions concerning the implementation of the Social Insurance Law of the PRC《實施<中華人民共和國社會保險法>若干規定》, the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees《國務院關於建立城鎮職工基本醫療保險制度的決定》, the Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees《國務院關於建立統一的企業職工基本養老保險制度的決定》, the Provisional Insurance Measures for Maternity of Enterprise Employees《企業職工生育保險試行辦法》, the Regulations on the Management of

Housing Provident Fund《住房公基金管理條例》, the Regulations on Unemployment Insurance《失業保險條例》and the Regulations on Industrial Work-related Insurance《工傷保險條例》, we are required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident fund for our employees and pay the relevant insurance premiums according to PRC laws. We pay, on behalf of our employees, a monthly social insurance premium covering pension insurance, medical insurance and housing provident fund. For the years ended December 31, 2011, 2012 and 2013, we contributed RMB3.0 million, RMB3.1 million, and RMB3.6 million for employee benefits, respectively.

COMPLIANCE WITH RELEVANT PRC REGULATIONS AND REQUIREMENTS

Civil Air Defense Property

According to applicable PRC laws and regulations, new buildings in cities should contain certain basement areas which may be use for civil air defense purposes in times of war. As of April 30, 2014, our completed projects had total civil defense areas of approximately 40,262 sq.m., or 13.3% of our total GFA of our completed properties (excluding total GFA sold). We use such civil air defense areas primarily as car parking spaces. Our car parking spaces located in civil air defense areas have been sold or available for sale. For the car parks that have been sold or are available for sale, in the relevant sale and purchase agreements, it is specified that in times of war, the civil air defense areas occupied by these car parking spaces may be subject to government use, and the purchasers should unconditionally agree to such use with no right to claim any damages against us. Our PRC Legal Advisors have advised us that our business operations with regards to our car parking spaces forming part of our civil air defense areas as described above comply with the applicable PRC laws and regulations, and our legal department from time to time reviews our business practice to ensure our compliance.

QUALIFICATIONS

The table below sets forth the details of the qualifications and licences held by the Group as of the Latest Practicable Date:

PRC subsidiary	Name of certificate	Issuance date	Expiry date	Classification	Status
Henlly Enterprise	the Qualification Certificate for Property Development Enterprise	October 21, 2012	October 20, 2014	Applicable to International Office Center project only	In effect
Jiangsu Jiarun	the Interim Qualification Certificate for Property Development Enterprise	April 25, 2014	February 28, 2015	–	In effect

PRC subsidiary	Name of certificate	Issuance date	Expiry date	Classification	Status
Hangzhou Zheng Jiang	the Interim Qualification Certificate for Property Development Enterprise	January 27, 2014	December 10, 2015	Applicable to Hidden Dragon Bay only	In effect
Hangzhou Xiaoshan Holiday Inn	License for Special Industry	November 8, 2011	none	Accommodation	In effect
Highlong Commercial Buildings	the Qualification Certificate for Property Management Enterprise	October 12, 2013	October 12, 2014	Class III	In effect

As advised by our PRC Legal Advisors, and save as disclosed below, the above certificates and licenses obtained by our PRC subsidiaries are all of the appropriate and necessary qualification certificates and licenses for us to carry on our business as of Latest Practicable Date.

Save as disclosed below, we have obtained all permits, licenses, qualifications and other government authorizations necessary to conduct our business and to operate our properties in the manner described in this prospectus, and we are in compliance with the applicable PRC laws and regulations relating to our business operations in all material respects.

Based on the (i) nature and reasons of the historical non-compliance incidents; (ii) confirmation letters issued by the relevant competent PRC Government authorities; (iii) our PRC Legal Advisors' views in respect of the risk of the relevant competent PRC Government authorities imposing any penalty on us relating to such non-compliances; and (iv) rectification measures and enhanced internal control measures have been implemented, the Directors and the Sole Sponsor consider that none of legal and compliance matters mentioned below will have any material adverse effect on our business, financial conditions and results of operations and the risk that our Group will be subject to claims, damages or further penalty relating to such matters is remote.

Summary of Historical Non-compliance Incidents

No.	Non-compliance incident	Properties involved	Subsidiaries involved
A.	Delay in commencement of construction	International Office Center, Hangzhou Qiandao Lake Run Zhou Resort Hotel, Zhong An Times Square (Phase I), and Zhong An Times Square (Phase II)	Henlly Enterprise, Chunan Minfu, Yuyao Times Square Development, Yuyao Times Square Property,
B.	Delay in completion	International Office Center, Zhong An Times Square (Phase I), a portion of Hangzhou Qiandao Lake Run Zhou Resort Hotel	Henlly Enterprise, Yuyao Times Square Development, Chunan Minfu
C.	Commencement of construction before obtaining the relevant construction permit	International Office Center and Zhong An Times Square (Phase II)	Henlly Enterprise, and Yuyao Times Square Property
D.	Engaging in property management and property development services without having obtained the necessary qualification certificates	Highlong Plaza and White Horse Noble Mansion	Highlong Commercial Buildings and Huijun Property
E.	Obtaining construction permit without having obtained the relevant fire safety design approval	International Office Center	Henlly Enterprise

A. Delay in commencement of construction

Under current PRC laws, if we fail to commence construction for more than one year from the commencement date prescribed in the land grant contract, the relevant PRC authorities may serve a warning notice on us and impose an idle land fee of up to 20% of the land grant premium, and if we fail to commence construction for more than two years from the relevant prescribed commencement date, the PRC Government may reclaim the land without compensation, as provided in the Measures on Disposing Idle Land《閑置土地處置辦法》, unless the delay is caused by force majeure, acts of the PRC Government or their departments concerned, or early preparations necessary for commencement of development. In addition, certain land grant contracts may stipulate that liquidated damages of 0.05% of the land grant premium be paid per day of delay if we fail to commence construction for two years or more from the prescribed commencement date.

As of the Latest Practicable Date, four of our projects, namely International Office Center, Hangzhou Qiandao Lake Run Zhou Resort Hotel (the three plots of land with land grant contracts signed on May 14, 1993, February 21, 2006, and February 26, 2006, respectively), ("**Qiandao Lake Run Zhou Resort Hotel (Portion A)**"), Hangzhou Qiandao Lake Run Zhou Resort Hotel (the two plots of land with land grant contract signed on May 20, 2011) ("**Qiandao Lake Run Zhou Resort Hotel (Portion B)**"), Zhong An Times Square (Phase I) and Zhong An Times Square (Phase II), experienced delays in the commencement of construction.

Details of the extended construction commencement dates are as follows:

Projects	**Prescribed construction commencement date**	**Actual construction commencement date**
International Office Center	September 30, 2007	August 18, 2009
Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A)	May 31, 2010	December 21, 2012
Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion B)	May 19, 2012	December 19, 2013
Zhong An Times Square (Phase I)	July 29, 2010	October 1, 2013
Zhong An Times Square (Phase II)	May 20, 2012	July 31, 2012

The delays were primarily due to the time needed for finalizing designs and making multiple adjustments on the design and planning, which took longer than expected due to the complexity and size of the projects; changes in area planning and design by the local authorities; the review of project applications and issue or grant of approvals by relevant PRC local authorities having taken longer than expected; or non-compliance incident occurring prior to the Group's acquisition of the relevant project company. Please refer to each project below for further details.

The following table sets out the relevant details of our International Office Center, Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portions A and B) and Zhong An Times Square (Phases I and II) in relation to their delay in commencement of construction:

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
1.	International Office Center	Started construction for Plot A3 of the project on August 18, 2009 which had been delayed for one year or more but less than two years from the prescribed construction commencement date of September 30, 2007, under the relevant land grant contracts.	• Longer than expected time needed for finalizing the plans and design. • making multiple adjustments on the design and planning took longer than expected due to the complexity and size of the project as International Office Center is considered to be a landmark commercial property in the area.	The relevant PRC authority may impose an idle land fee of up to 20% of the land grant premium, which is estimated to be approximately RMB41.8 million	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us relating to our delay in commencement of construction of International Office Center is remote because (i) we have not been subject to any penalty and no action has been taken by Hangzhou Xiaoshan Branch of Land Resources Bureau in relation to our delay in commencement of construction; (ii) we have commenced construction on Plot A3 of International Office Center; (iii) we have obtained the construction permit on September 17, 2010; (iv) we did not receive a "Collection of Idle Land Fee" letter《征繳土地閑置費決定書》or "Withdrawal of land use rights of state-owned land" letter《收回國有建設用地使用權決定書》; (v) we have received a general confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Branch of Land Resources Bureau stating that Henlly Enterprise was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; (vi) we received a confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Branch of Land Resources Bureau approving an extension and confirming that International Office Center's construction is not in violation of any applicable PRC laws and regulations on land use; and (vii) we received a confirmation letter dated February 26, 2014 issued by People's Government of Hangzhou Xiaoshan stating that the delay in construction is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Hangzhou Xiaoshan Branch of Land and Resources Bureau and People's Government of Hangzhou Xiaoshan are the competent authorities to issue the relevant confirmation letters; (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance; and (iii) the People's Government of Hangzhou Xiaoshan will not challenge or revoke the confirmation from Hangzhou Xiaoshan Branch of Land and Resources Bureau.

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
2	Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A)	Started construction on December 21, 2012, which had been delayed for more than two years from the prescribed construction commencement date of May 31, 2010	• Changes in area planning and design by the relevant local authorities and obtaining approval from the relevant local authorities regarding the changes having taken longer than expected. • Prior to the acquisition of the project company, the vendors had already delayed construction on the relevant plots of land and as a result, upon the acquisition of the project company, we liaised with the relevant PRC authority to rectify the situation.	The relevant PRC authority may (i) reclaim the land without any compensation; and (ii) the land administrative department may impose an idle land fee of up to 20% of the land grant premium, which is estimated to be approximately RMB0.7 million	Our PRC Legal Advisors are of the view that the risk of land forfeiture and imposing any penalty on us relating to our delay in commencement of construction of Hangzhou Qiandao Lake Run Zhou Resort Hotel is remote because (i) we have not been subject to any penalty and no action has been taken by Chunan County Land Resources Bureau in relation to our delay in commencement of construction; (ii) we have commenced construction on Qiandao Lake Run Zhou Resort Hotel (Portion A) in December 2012; (iii) we obtained the construction permit on December 21, 2012; (iv) we did not receive a "Collection of Idle Land Fee" letter《征繳土地閑置費決定書》or "Withdrawal of land use rights of state-owned land" letter《收回國有建設用地使用權決定書》; (v) we received a confirmation letter on September 19, 2010 issued by Chunan County Land Resources Bureau confirming that one of the reasons for late commencement of the project was due to the PRC Government's changes in area planning and design and upon completing such changes we would be able to commence construction; (vi) we received a general confirmation letter dated November 7, 2013 issued by Chunan County Land Resources Bureau stating that Chunan Mingfu has complied with all relevant PRC laws and regulations regarding its land use, have obtained all land use rights in relation to the project, have paid all land premiums, and was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; (vii) we received a confirmation letter dated September 3, 2013 issued by Chunan County Land Resources Bureau approving an extension and confirming that construction on Qiandao Lake Run Zhou Resort Hotel (Portion A) is not in violation of any applicable PRC laws and regulations on land use; and (viii) we received a confirmation letter dated November 5, 2013 issued by People's Government of Chunan stating that the delay in construction is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Chunan County Land Resources Bureau and People's Government of Chunan are the competent authorities to issue the relevant confirmation letters; and (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance; and (iii) the People's Government of Chunan will not challenge or revoke the confirmation from Chunan County Land Resources Bureau.

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
3	Zhong An Times Square (Phase I)	Started construction on October 1, 2013, which had been delayed for more than two years from the prescribed construction commencement date of July 29, 2010 under the relevant land grant contracts.	• Longer than expected time needed for finalizing the plans and design due to the complexity and size of the project. • local government having taken longer than expected to review project application and issue applicable approvals as Zhong An Times Square will be the first sizeable integrated commercial – residential complex in Yuyao City.	The relevant PRC authority may: (i) reclaim the land without any compensation; (ii) the relevant PRC authority may impose an idle land fee of up to 20% of the land grant premium, which is estimated to be approximately RMB68.4 million; and (iii) we may be liable to pay to the relevant PRC authority liquidated damages of 0.05% of the land grant premium per each day of delay, which is estimated to be approximately RMB214.0 million	Our PRC Legal Advisors are of the view that the risk of land forfeiture and the imposition of any penalty on us relating to our delay in commencement of construction of Zhong An Times Square (Phase I) is remote because (i) we have not been subject to any penalty and no action has been taken by Yuyao City Land Resources Bureau in relation to our delay in commencement of construction; (ii) we did not receive a "Collection of Idle Land Fee" letter《征繳土地閑置費決定書》or "Withdrawal of land use rights of state-owned land" letter《收回國有建設用地使 用權決定書》; (iii) we received a confirmation letter dated August 30, 2013 issued by Yuyao City Land Resources Bureau approving an extension and confirming that Zhong An Times Square (Phase I) construction commencement is not in violation of any applicable PRC laws and regulations on land use; (iv) we have received a general confirmation letter dated November 6, 2013 issued by Yuyao City Land Resources Bureau stating that Yuyao Times Square Development was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; and (v) we received a confirmation letter dated November 6, 2013 issued by People's Government of Yuyao stating that the delay in construction is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Yuyao City Land Resources Bureau and People's Government of Yuyao are the competent authorities to issue the relevant confirmation letters; (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance; and (iii) the People's Government of Yuyao will not challenge or revoke the confirmation from Yuyao Land Resources Bureau.

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
4	Zhong An Times Square (Phase II)	Started construction on July 31, 2012, which had been delayed for less than one year from the prescribed construction commencement date of May 20, 2012 under the relevant land grant contracts	• Longer than expected time needed for finalizing the plans and design due to the complexity and size of the project. • the local government having taken longer than expected to review project application and issue applicable approvals as Zhong An Times Square will be the first sizeable integrated commercial – residential complex in Yuyao City.	We may be liable to pay to the relevant PRC authority liquidated damages of 0.05% of the land grant premium per each day of delay, which is estimated to be approximately RMB11.6 million	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us relating to our delay in commencement of construction of Zhong An Times Square Phase II is remote because (i) we have not been subject to any penalty and no action has been taken by Yuyao City Land Resources Bureau in relation to our delay in commencement of construction; (ii) we have commenced construction on Zhong An Times Square (Phase II); (iii) we did not receive a "Collection of Idle Land Fee" letter《征繳土地閑置費決定書》or "Withdrawal of land use rights of state-owned land" letter《收回國有建設用地使 用權決定書》; (iv) we have received a general confirmation letter dated November 6, 2013 issued by Yuyao City Land Resources Bureau stating that Yuyao Times Square Property was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; (v) we obtained the construction permit on August 24, 2012 and September 7, 2012; (vi) we received a confirmation letter dated August 30, 2013 issued by Yuyao City Land Resources Bureau approving the extension and confirming that Zhong An Times Square (Phase II) construction commencement is not in violation of any applicable PRC laws and regulations on land use; and (vii) we received a confirmation letter dated November 6, 2013 issued by People's Government of Yuyao stating that the delay in construction is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Yuyao City Land Resources Bureau and People's Government of Yuyao are the competent authorities to issue the relevant confirmation letters; (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance; and (iii) the People's Government of Yuyao will not challenge or revoke the confirmation from Yuyao Land Resources Bureau.

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
5	Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion B)	We commenced construction on December 19, 2013, which had been delayed for more than one year from the prescribed construction commencement date of May 19, 2012 under the relevant land grant contracts and we expect to complete construction in October 2015	• Completion of the acquisition of the land took longer than expected due to the change in land use (from farmland to commercial) from the local government. As a result, the overall planning and design of the project and obtaining approval from the relevant local authorities were delayed.	(i) the land administrative department may impose an idle land fee of up to 20% of the land grant premium, which is expected to be approximately RMB0.7 million; and (ii) we may be liable to pay to the relevant PRC authority liquidated damages of 0.05% of the land grant premium per each day of delay, which is estimated to be approximately RMB1.1 million	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us relating to our delay in commencement of construction of Hangzhou Qiandao Lake Run Zhou Resort Hotel is remote because (i) we have not been subject to any penalty and no action has been taken by Chunan County Land Resources Bureau in relation to our delay in commencement of construction; (ii) we obtained the construction permit on December 19, 2013; (iii) we did not receive a "Collection of Idle Land Fee" letter《征繳土地閑置費決定書》or "Withdrawal of land use rights of state-owned land" letter《收回國有建設用地使 用權決定書》; (iv) we received a confirmation letter dated November 7, 2013 issued by Chunan County Land Resources Bureau stating that Chunan Mingfu has complied with all relevant PRC laws and regulations regarding its land use, have obtained all land use rights in relation to the project, have paid all land premiums, and was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; (v) we received a confirmation letter dated September 3, 2013 issued by Chunan County Land Resources Bureau approving an extension and confirming that construction on Qiandao Lake Run Zhou Resort Hotel (Portion B) is not in violation of any applicable PRC laws and regulations on land use; and (vi) we received a confirmation letter dated November 5, 2013 issued by People's Government of Chunan stating that the delay in construction is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Chunan County Land Resources Bureau and People's Government of Chunan are the competent authorities to issue the relevant confirmation letters; and (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance; and (iii) the People's Government of Chunan will not challenge or revoke the confirmation from Chunan County Land Resources Bureau.

We have not made any provision in our financial statements for the non-compliance incidents mentioned above as (i) we have obtained confirmation letters from the relevant PRC authorities approving the extended construction commencement dates and that our relevant companies were not in violation of PRC laws and regulations; (ii) our PRC Legal Advisors have advised us that the risk of any penalty being imposed on us by the relevant PRC authorities is remote; and (iii) our PRC Legal Advisors have confirmed that relevant PRC authorities are the competent authorities to issue the relevant confirmation letters, those relevant PRC authorities will not retrospectively penalize us for our non-compliance, and the higher authorities will not revoke or challenge the confirmations obtained from the relevant PRC authorities .

B. Delay in completion

As of the Latest Practicable Date, construction of three of our projects, namely our International Office Center, Zhong An Times Square (Phase I), and Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A) projects, did not complete by the completion dates specified in the relevant land grant contracts.

Details of the extended construction completion dates are as follows:

Projects	Prescribed construction completion date	Expected construction completion date
International Office Center	December 31, 2010	December 2014
Zhong An Times Square (Phase I)	July 28, 2013	November 1, 2015
Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A)	May 31, 2012	December 1, 2014

The delays were primarily due to the time needed for effecting and finalizing the building plans and design and making multiple adjustments on the design and planning was longer than expected due to the complexity and size of the project and the stringent requirements of the relevant PRC local authorities; changes in area planning and design by the local authorities; non-compliance incident occuring prior to the Group's acquisition of the relevant project company or obtaining approval from relevant PRC local authorities having taken longer than expected.

Under the relevant land grant contracts for Zhong An Times Square (Phase I), if we fail to complete the construction of these projects before the relevant deadlines, we may be liable to pay to the relevant PRC authority liquidated damages of 0.05% of the land grant premium for each day of delay.

The following table sets out the relevant details of our International Office Center, Zhong An Times Square (Phase I), and Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A) in relation to their delay in construction completion:

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
1.	International Office Center	We currently expect to complete construction in December 2014, which will represent a delay of more than three years from the prescribed construction completion date of December 31, 2010 under the relevant land grant contracts.	• Longer than expected time needed for effecting the plans and design. • making multiple adjustments on the design and planning took longer than expected due to the complexity and size of the project as International Office Center is considered to be a landmark commercial property in the area.	None	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us relating to our delay in construction completion of International Office Center is remote because (i) there is no penalty specified in the land grant contracts; (ii) we have received a general confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Branch of Land Resources Bureau stating that Henlly Enterprise was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; (iii) we received a confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Branch of Land Resources Bureau approving an extension and confirming that International Office Center's construction is not in violation of any applicable PRC laws and regulations on land use; and (iv) we received a confirmation letter dated February 26, 2014 issued by People's Government of Hangzhou Xiaoshan stating that the delay in completion is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Hangzhou Xiaoshan Branch of Land and Resources Bureau and People's Government of Hangzhou Xiaoshan are the competent authorities to issue the relevant confirmation letters; (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance; and (iii) the People's Government of Hangzhou Xiaoshan will not challenge or revoke the confirmation from Hangzhou Xiaoshan Branch of Land and Resources Bureau.

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
2	Zhong An Times Square (Phase I)	We currently expect to complete construction in November 1, 2015, which will represent a delay of more than two years from the prescribed construction completion date of July 28, 2013 under the relevant land grant contracts.	• Longer than expected time needed for finalizing the plans and design due to the complexity and size of the project. • the local government having taken longer than expected to review project application and issue applicable approvals as Zhong An Times Square will be the first sizeable integrated commercial – residential complex in Yuyao City.	We may be liable to pay to the relevant PRC authority liquidated damages of 0.05% of the land grant premium per day of delay, which is estimated to be approximately RMB141.3 million, calculated based on the currently expected completion date	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us relating to our delay in construction completion of Zhong An Times Square (Phase I) is remote because (i) we have not been subject to any penalty and no action has been taken by Yuyao City Land Resources Bureau in relation to our delay in completion of construction; (ii) we have received a general confirmation letter dated November 6, 2013 issued by Yuyao City Land Resources Bureau stating that Yuyao Times Square Development was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; (iii) we received a confirmation letter dated August 30, 2013 issued by Yuyao City Land Resources Bureau approving the delay and confirming that Zhong An Times Square (Phase I) construction completion is not in violation of any relevant PRC laws and regulations on land use; and (iv) we received a confirmation letter dated November 6, 2013 issued by the People's Government of Yuyao stating that the delay in completion is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Yuyao City Land Resources Bureau and People's Government of Yuyao are the competent authorities to issue the relevant confirmation letters; (ii) the relevant PRC authority will not retrospectively penalize us for our non-compliance; and (iii) the People's Government of Yuyao will not challenge or revoke the confirmation from Yuyao Land Resources Bureau.
3.	Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A)	We currently expect to complete construction by December 1, 2014, which will represent a delay of more than two years from the prescribed construction completion date of May 31, 2012 under the relevant land grant contract.	• Changes in area planning and design by the relevant local authorities and obtaining approval from the relevant local authorities regarding the changes having taken longer than expected. • Prior to the acquisition of the project company, the vendors had already delayed construction on the relevant plots of land and as a result, upon the acquisition of the project company, we liaised with the relevant PRC authority to rectify the situation.	None	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us relating to our delay in construction completion of Hangzhou Qiandao Lake Run Zhou Resort Hotel (Portion A) is remote because (i) there is no penalty specified in land grant contracts; and we received a confirmation letter dated September 3, 2013 issued by Chunan County Land Resources Bureau approving an extension and confirming that construction on Qiandao Lake Run Zhou Resort Hotel (Portion A) is not in violation of any applicable PRC laws and regulations on land use; (ii) we received a confirmation letter dated November 7, 2013 issued by Chunan Land Resources Bureau stating that Chunan Mingfu has complied with all relevant PRC laws and regulations regarding its land use, have obtained all land use rights in relation to the project, have paid all land premiums, and was not in violation of any applicable PRC laws and regulations on land use and will not be investigated or penalized; and (iii) we received a confirmation letter dated November 5, 2013 issued by People's Government of Chunan stating that the delay in completion is not in violation of relevant PRC laws and regulations. Our PRC Legal Advisors have confirmed that (i) Chunan County Land Resources Bureau and People's Government of Chunan are the competent authorities to issue the relevant confirmation letters; (ii) the relevant PRC authority will not retrospectively penalize us for our non-compliance; and (iii) the People's Government of Chunan will not challenge or revoke the confirmation from Chunan County Land Resources Bureau.

We have not made any provision in our financial statements for the non-compliance incidents mentioned above as (i) we have obtained confirmation letters from the relevant PRC authorities approving the delay in construction completion and that our relevant companies were not in violation of PRC laws and regulations; and (ii) our PRC Legal Advisors have advised us that the risk of any penalty being imposed on us by the relevant PRC authorities is remote; and (iii) our PRC Legal Advisors have confirmed that the relevant PRC authorities are the competent authorities to issue the relevant confirmation letters, those relevant PRC authorities will not retrospectively penalize us for our non-compliance, and the higher authorities will not revoke or challenge the confirmation obtained from the relevant PRC authorities.

C. Commencement of construction before obtaining the relevant construction permit

As of the Latest Practicable Date, two of our projects, namely International Office Center and Zhong An Times Square (Phase II) commenced construction before obtaining the relevant land construction permit. Under the relevant PRC laws and regulations if we commence construction before obtaining the relevant construction permit, the relevant competent PRC authority may cease our construction and impose a fine of RMB30,000.

The following table sets out the relevant details of our International Office Center and Zhong An Times Square (Phase II) in relation to construction before obtaining the relevant construction permit:

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
1.	International Office Center	Started construction for plot A3 in August 18, 2009 before it obtained the relevant construction permit in September 17, 2010.	• Oversight of our Group due to the size and complexity of the project and the lack of comprehensive internal control measures to require the responsible department to keep our senior management informed of the construction progress and legal status of our property projects.	The relevant competent PRC authority may cease our construction and impose a maximum fine of RMB30,000.	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us is remote because (i) we have not been subject to any penalty and no action has been taken by Hangzhou Xiaoshan Branch of Land Resources Bureau in relation to our commencement of construction before obtaining the relevant construction permit; (ii) we obtained the construction permit in September 17, 2010, which indicates that Hangzhou Xiaoshan Branch of Land Resources Bureau has officially recognized and approved the commencement of the construction; (iii) we have received a confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Branch Planning Bureau stating that we have not been in violation of any PRC laws and regulations relating to planning; and (iv) we have received a confirmation letter dated September 22, 2013 issued by Hangzhou Xiaoshan Construction Bureau stating that we have not breached any PRC laws and regulations regarding construction. Our PRC Legal Advisors have informed us that (i) Hangzhou Xiaoshan Construction Bureau is the competent authority to issue the relevant confirmation letter; and (ii) the relevant PRC authority will not retrospectively penalize us for our non-compliance.

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
2.	Zhong An Times Square (Phase II)	Started construction for Zhong An Times Square (Phase II) in July 31, 2012 before it obtained the relevant construction permit in August 24, 2012 and September 7, 2012.	• Oversight of the Company due to the size and complexity of the project and the lack of comprehensive internal control measures to require the responsible department to keep our senior management informed of the construction progress and legal status of our property projects.	The relevant competent PRC authority may cease our construction and impose a maximum fine RMB30,000.	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us is remote because (i) we have not been subject to any penalty and no action has been taken by Yuyao City Land and Resources Bureau in relation to our commencement of construction before obtaining the relevant construction permit; (ii) we obtained the construction permit in August 29, 2012 and September 7, 2012 which indicates that Yuyao City Land Resources Bureau has officially recognized and approved the commencement of construction; (iii) we have received a confirmation letter dated September 29, 2013 issued by Yuyao Planning Bureau stating that we have not been in violation of any PRC laws and regulations; and (iv) we have received a confirmation letter dated September 29, 2013, issued by Yuyao Construction Bureau stating that we have not been investigated or penalized by the relevant authorities. Our PRC Legal Advisors have informed us that (i) Yuyao City Land and Resources Bureau is the competent authority to issue the relevant confirmation letter; and (ii) the relevant PRC authority will not retrospectively penalize the Company for its non-compliance.

We have not made any provision in our financial statements for the non-compliance incidents mentioned above as (i) the fines imposed are insignificant; (ii) we have obtained construction permits from the relevant PRC authorities approving the commencement of construction; and (iii) our PRC Legal Advisors have advised us that the risk of any penalty being imposed on us by the relevant PRC authorities is remote.

D. Engaging in property management and property development services without having obtained the necessary qualification certificates

As of the Latest Practicable Date, the property manager of Highlong Plaza and the property developer of White Horse Noble Mansion conducted property management and property development services, respectively, without having obtained the relevant qualification certificates. Under the relevant PRC laws and regulations if we conduct property management or property development services without having obtained the relevant qualification certificates, we will be subject to penalties such as fines and/or expropriation of income generated from such operations.

The following table sets out the relevant details of our Highlong Plaza and White Horse Noble Mansion projects in relation to their property management and property developments services, respectively:

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
1.	Highlong Plaza	Engaging in the provision of property management services without the relevant qualification certificate.	Our management misinterpreted the relevant requirements under the relevant PRC laws and regulations and took the mistaken view that property management services provided for properties developed and owned by our Group would not require a property management qualification certificate.	The relevant competent PRC authority may expropriate our income generated from property management and impose a maximum fine of RMB 50,000 to RMB200,000.	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us is unlikely as (i) we have received a confirmation letter dated September 29, 2013 issued by Hangzhou Xiaoshan Residential and Construction Bureau stating that the Hangzhou Xiaoshan Residential and Construction Bureau will not impose any fine or punishment; (ii) business conducted does not exceed the scope of business mentioned in the business licence; (iii) we have obtained and filed all the business operating permits from relevant authorities and those permits are not subject to any condition or cancellation or revocation; and (iv) on October, 1 2013 we engaged an Independent Third Party property management company to provide property management services for our Highlong Plaza project. Our PRC Legal Advisors have advised us that (i) Hangzhou Xiaoshan Residential and Construction Bureau is the competent authority to issue the confirmation letter; and (ii) the relevant PRC authority will not retrospectively penalize us for such non-compliance.
2	White Horse Noble Mansion	Qualification Certificate for Property Development Enterprise expired on September 30, 2009 before construction completed in December 2009.	At the time, we intended to renew the relevant qualification certificate but were informed by the relevant PRC Government Authority that such certificate was not required as construction would complete in a few months' time and as the relevant Group member involved would not be conducting property development activities in future, no certificate would be required.	We are required to renew our qualification certificate and the relevant competent PRC authority may impose a fine of RMB50,000 to RMB100,000	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us is remote as (i) the construction of White Horse Noble Mansion project has been completed; and (ii) we have not been subject to any penalty and no action has been taken by Hangzhou Construction Commission in relation to the expiry of the qualification certificate; (iii) we have received a confirmation letter dated November 6, 2013 issued by Hangzhou Urban and Rural Construction Committee stating that as we had substantially completed construction of our White Horse Noble Mansion project and seeing as our project company would no longer conduct property development services in future, a renewal of the property development certificate is not required and Hangzhou Urban and Rural Construction Committee will not issue any fine or punishment; and (iv) according to the PRC Administrative Law, except as otherwise provided by law, the limitation period for imposition of a fine regarding the non-compliance is two years, which has expired already. Our PRC Legal Advisors have advised us that (i) Hangzhou Urban and Rural Construction Committee is the competent authority to issue the confirmation letter; and (ii) the relevant PRC authority will not retrospectively penalize us for such non-compliance.

We have not made any provision in our financial statements for the non-compliance incidents mentioned above as (i) the fines imposed are insignificant; and/or (ii) our PRC Legal Advisors have advised us that the risk of any penalty being imposed on us by the relevant PRC authorities is remote.

E. Obtaining construction permit without having obtained the relevant fire safety design approval

As of the Latest Practicable Date, we obtained the construction permit for our International Office Center project without having obtained the relevant fire safety design approval. Under the relevant PRC laws and regulations, if we obtain the construction permit without having first obtained the relevant fire safety design approval, we will be subject to penalties such as fines and/or be ordered to stop construction of our project.

The following table sets out the relevant details of our International Office Center project in relation to its construction permit:

No.	Project	Non-compliance incident	Reasons for non-compliance	Potential maximum penalties	PRC legal opinion
1.	International Office Center	Obtaining construction permit without having obtained the relevant fire safety design approval.	Our management misinterpreted the relevant requirements under the relevant PRC laws and regulations and took the mistaken view that the construction permit could be obtained without having first obtained the relevant fire safety approval as the "Service Handbook"《服務指南》issued by Hangzhou Xiaoshan Construction Bureau in December 2012 did not state that a fire safety permit must be first obtained prior to obtaining the construction permit. As a result, when our Group prepared for the application of the construction permit, we mistakenly followed the instructions mentioned in the Service Handbook.	The relevant competent PRC authority may order us to stop construction of our project and impose a maximum fine of RMB30,000 to RMB300,000.	Our PRC Legal Advisors are of the view that the risk of imposing any penalty on us is unlikely as (i) we have subsequently obtained the relevant fire safety design approval on June 21, 2013 from Hangzhou Public Fire Safety Bureau; (ii) on November 5, 2013 we have conducted an interview with Hangzhou Public Fire Safety Bureau Fire Department Inspection Division in which they confirmed that we have obtained the relevant fire safety design approval and that the likelihood of a fine being imposed on us is remote; (iii) on September 17, 2010, we obtained a construction permit from Hangzhou Xiaoshan Construction Bureau; (iv) on September 22, 2013 we obtained a confirmation letter from Hangzhou Xiaoshan Fire Safety Department confirming that we are in compliance with all relevant PRC laws and regulations regarding fire safety and will not be penalized; and (v) we have not been subject to any investigation relating to our fire safety design approval. Our PRC Legal Advisors have confirmed that Hangzhou Xiaoshan Fire Safety Department is the competent authority to issue the relevant confirmation letter.

We have not made any provision in our financial statements for the non-compliance incident mentioned above as (i) we have obtained a confirmation letter from the relevant PRC authority confirming that the relevant member of our Group was not in violation of PRC laws and regulations; (ii) the potential fines imposed are insignificant; and (iii) our PRC Legal Advisors have advised us that the risk of any penalty being imposed on us by the relevant PRC authorities is remote.

INTERNAL CONTROL MEASURES TO ENSURE FUTURE COMPLIANCE

In order to continuously improve our corporate governance and to prevent recurrence of non-compliance in the future, our Group have adopted the following rectifications and enhanced internal control measures:

(1) our Board has established a corporate governance committee on May 31, 2014, comprising of Ms. Jin Ni, Mr. Ng Sze Yuen, Terry, and Mr. Yim Chun Leung with Ms. Jin Ni as the chairlady of the corporate governance committee, to monitor the effectiveness of the corporate governance and non-financial internal controls of our Group. Please see the section headed "Directors and Senior Management" in this prospectus for further information regarding their experience and qualification. The primary functions of our corporate governance committee include, among others, reviewing and making recommendation to our Board in respect of our Group's policies and practices on corporate governance, reviewing and monitoring our Group's policies and practices on compliance with any requirements, direction and regulation that may be prescribed by the Board, by any constitutive document of our Group, or imposed by the Listing Rules, other applicable laws, regulations, rules and codes, and ensuring that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and monitoring the implementation of our Group's plan to maintain high standard of compliance with own risk management standards;

(2) we have established an audit committee on May 31, 2014, comprising of Mr. Ng Sze Yuen, Terry, Mr. Xu Chengfa and Mr. Yim Chun Leung with Mr. Ng Sze Yuen, Terry as chairman of the audit committee, to establish formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts. Our audit committee will disclose any material issues in relation to internal control principles in accounting and financial matters in our annual report;

(3) we have designated Ms. Jin Ni (an executive Director, vice chairlady of our Board and president of our Group) on May 31, 2014, as our business compliance officer to assist our Board to identify, assess and manage the risks associated with our operation from time to time to ensure due compliance of industry, laws, rules and regulations applicable to our Group;

(4) we have stipulated a construction progress monitoring policy on September 1, 2013 requiring our project managers to oversee the construction progress (including the commencement and expected completion date) of each project, and report the construction progress of our projects to our business compliance officer on a monthly basis;

(5) we have also taken measures to ensure compliance with licensing and qualification requirements on an ongoing basis, in accordance with the licensing and qualifications requirements set forth in the relevant laws and regulations. Mr. Shi Yong, our vice president and general director of planning department of our Group, assisted by our in-house legal counsel, will be responsible for monitoring our internal control system on licenses and qualifications. See "Directors and Senior Management" for his background and qualifications. To ensure that we are up to date in obtaining the latest licenses and qualifications, we also recruit and provide training to personnel to monitor requirements of any potential projects;

(6) our company secretary and compliance officer will act as the principal channel of communication between members of our Group and our Company in relation to legal, regulatory and financial reporting compliance matters of our Group as well as acting as the chief coordinators to oversee the internal control procedures in general. Upon receipt of any queries or reports on legal, regulatory and financial reporting compliance matters, the company secretary or the compliance officer will look into the matter and, if considered appropriate, seek advice, guidance and recommendation from professional advisors and report to relevant members of our Group and/or our Board;

(7) we will appoint Quam Capital Limited as our compliance advisor upon Listing to advise our Group on compliance matters in accordance with Rule 3A.19 of the Listing Rules;

(8) we will appoint Jincheng Tongda & Neal, an external PRC legal advisors which will assist us in performing the requisite legal due diligence and complying with the relevant PRC laws and regulations, and provide training to us on the relevant PRC laws and regulations, for at least one year after Listing. Where necessary, we will consider continue to retain them or employ in-house legal counsels;

(9) we will provide our Directors, senior management and employees involved with training, development programs and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time;

(10) we will appoint Chiu & Partners, an external Hong Kong legal counsel to advise us on compliance with the Listing Rules and the applicable Hong Kong laws and regulations;

(11) our PRC Legal Advisors, Jincheng Tongda & Neal, provided a customized training sessions in November 2013 to our executive Directors, non-executive Director, senior management and staff members of all of our project companies, which cover relevant PRC laws and regulations relating to the property industry to improve the overall compliance culture of our Group and to raise their awareness of the importance of internal legal compliance and to strengthen their risk management skills; and

(12) we engaged an independent internal control advisor, BDO Financial Services Limited[(Note)], to conduct a review of our internal controls for the review period from January 1, 2013 to December 31, 2013. The internal control advisor's review preliminary focused on financial related controls, which covered our key business processes, including sales of property, rental for property and hotel, procurement, outsourcing management, inventory management, fixed assets management, treasury management, salary, financial reporting and IT system control. In relation to our historical non-compliance incidents, we have implemented the above enhanced corporate governance and internal control measures, which were recommended by the Company's legal advisers and the Sole Sponsor. As of the Latest Practicable Date, the independent internal control advisor confirmed that the said enhanced corporate governance and internal control measures have been fully implemented. We will continue to engage an independent internal control advisor to assist our Audit Committee in assessing the Company's internal control for at least one year after Listing. The internal control advisor will perform internal control reviews in accordance with the internal audit plan to be approved by the audit committee and reports the review results to the corporate governance committee and audit committee on an interim basis. Accordingly, we will summarize and disclose material internal control issues noted from the said reviews in our annual report.

Having considered the nature and reasons of the above historical non-compliance, the reviews and recommendations made by an independent internal control advisor, and the advice from our PRC legal advisors, the Directors are of the view that the Group's internal control measures are adequate and effective to prevent recurrence of future non-compliance.

LEGAL PROCEEDINGS

As a property developer and owner, we are involved in legal or other disputes from time to time, which arise in the ordinary course of our business, primarily claims relating to contract disputes with purchasers, contractors, tenants and occupiers of our properties. As of the Latest Practicable Date, we were not aware of any other material legal proceedings or claims currently existing or pending against us, any of our subsidiaries or any of our Directors or any such threatened claims, which could have a material adverse effect on the results of our operations, financial condition or reputation.

Note: BDO Financial Services Limited is a member of BDO International Limited, and is a firm rendering internal control review services, which has been engaged in various internal control review projects for a number of listed companies, including real estate companies.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders

Assuming that all Zhong An Qualifying Shareholders will take up their respective Assured Entitlement under the Preferential Offering in full and taking no account of any other Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, Ideal World, a wholly-owned subsidiary of Zhong An, will be interested in approximately 73.1% of the total issued share capital of the Company following completion of the Global Offering and the Capitalization Issue. About 68.8% of the issued share capital of Zhong An was held by Whole Good as of the Latest Practicable Date, which is in turn wholly owned by Mr. Shi. In addition, among the Qualifying Zhong An Shareholders, Whole Good will be entitled to apply for up to 32,575,000 Reserved Shares under the Preferential Offering, representing approximately 1.9% of the issued share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue. As Ideal World, Zhong An, Whole Good and Mr. Shi are, directly or indirectly, individually or together with the others, entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings, each of Ideal World, Zhong An, Whole Good and Mr. Shi is regarded as our Controlling Shareholder under the Listing Rules.

Zhong An is the holding company of the Zhong An Group. The shares of Zhong An have been listed on the Main Board of the Stock Exchange (stock code 672) since November 2007. The Zhong An Group principally engages in four principal business segments, namely (i) property development; (ii) property leasing; (iii) hotel operation; and (iv) property management. Its property development portfolio, prior to the Spin-off, includes both residential and commercial properties. Zhong An operates its commercial properties development and investment business, with principal focus in the Yangtze-River Delta Region, through our Group.

Mr. Shi is our chairman, non-executive Director and one of our Controlling Shareholders. He is also an executive director, chairman, chief executive officer and controlling shareholder of Zhong An. Prior to the establishment of the Zhong An Group, Mr. Shi served as a tax officer in the finance and revenue bureau of Xiaoshan District of Hangzhou (formerly known as Xiaoshan City). Save as disclosed, up to the Latest Practicable Date, he had not been full time government official of a country and has not been a full time employee of a state or government-owned or operated entity.

INDEPENDENCE FROM THE REMAINING ZHONG AN GROUP

The Board is satisfied that our Group is capable of carrying on our business independently of the Remaining Zhong An Group and its associates upon the Spin-off on the following basis:

Clear business delineation between the business of our Group and the remaining business of the Remaining Zhong An Group

After the Spin-off, the Remaining Zhong An Group will continue to be principally engaged in the development, sale and management of residential properties in the PRC while our Group will be principally engaged in the development of, investment in, and management of, commercial properties in the Yangtze-River Delta Region. We will also engage in the joint development of lands in different towns and counties in the PRC with local governments in the future. Furthermore, to capture business and development opportunities arising from the continuing urbanization in the PRC, we have entered into the Town Urbanization MOUs and the China Development Bank Cooperation Agreement to expand into other urbanization-related businesses and services, which include, among others, the modernization of the agricultural industry, supply of agricultural products and the provision of elderly management services. Please refer to the section headed "Business – Recent Developments" in this prospectus for further details. Taking into account the business development strategy and allocations of resources of the Zhong An Group as a whole, and for the Remaining Zhong An Group to focus its resources on the development of residential properties and to become a pure play residential property developer in the PRC, our Directors consider it appropriate for our Group to invest in the business of land development and other urbanization related businesses and services, particularly in relation to those towns and counties the lands of which are to be developed by our Group. Our Directors consider that such arrangement will be beneficial for both groups and their respective shareholders as a whole.

The core businesses of the Remaining Zhong An Group and that of our Group are by nature different and are independently operated. The Remaining Zhong An Group will not engage in any business activities that compete directly or indirectly with those of our Group. In this regard, Zhong An and our Company have entered into the Non-compete Undertakings to address potential conflicts of interests between the Remaining Zhong An Group and our Group and to delineate their respective businesses, the details of which are set out in the paragraph headed "Non-compete Undertakings" below.

Shops and car parking spaces ancillary to residential properties

During the Track Record Period, an insignificant portion of the revenue of the Remaining Zhong An Group, which amounted to approximately, RMB29.6 million, RMB69.9 million and RMB23.6 million for each of the years ended December 31, 2011, 2012 and 2013, respectively, representing approximately 2.0%, 3.0% and 1.5% of the total revenue of the Remaining Zhong An Group for the period, respectively, was attributable to sales or leasing of shops and car parking spaces by two members of the Remaining Zhong An Group. The remaining shops and car parking spaces held by these members of the Remaining Zhong An Group are properties ancillary to residential properties. As such, these properties will remain with the Remaining Zhong An Group as these ancillary properties are not the core commercial property focus of our Group, but rather our Group will focus on the development and investment in integrated commercial complexes with a mixture of office buildings, serviced apartments, hotels and shopping centers.

During the year ended December 31, 2013, we entered into sales and leasing management agreements with the Remaining Zhong An Group, pursuant to which we have provided sales and leasing agency services to the Remaining Zhong An Group for the sales and leasing of certain shops and/or car parking spaces ancillary to residential properties. Our Directors consider that the sale and/or leasing of shops and/or car parking spaces ancillary to existing residential properties should not result in any significant competition issue given that (i) the planned total GFA of these shops and/or car parking spaces ancillary to existing residential properties of the Remaining Zhong An Group is relatively insignificant to the Remaining Zhong An Group and our Group; (ii) these ancillary properties are built for meeting the basic necessity and convenience of the residents in the relevant residential development, are common for all residential projects and by their nature are considered as part of the "residential properties"; (iii) these ancillary retail shops are intended for providing residents the convenience in satisfying their basic everyday needs such as groceries and banking facilities while retail shops within the commercial properties are targeted for customers who want the convenience of one-stop experience offering a wide range of facilities relating to office, restaurants, apparel, food and beverage, shopping and entertainment; and (iv) the car parking spaces in residential properties are intended for the sale to the residents for long-term use while the car parking spaces in commercial properties are intended for those (who may or may not be living in close proximity to the commercial properties) visiting the commercial properties as short-term rental, or (where applicable) for sale to residents of the relevant service apartments. Hence, all these agreements had been terminated prior to the Latest Practicable Date. The fees we received from the Remaining Zhong An Group under these agreements for the year ended December 31, 2013 amounted to approximately RMB2.1 million.

VC Hotel

The VC Hotel is situated on a parcel of residential land, as part of a larger residential property development project (Vancouver City) owned by Anhui Zhong An Real Estate, a member of the Remaining Zhong An Group. Phases 1 to 5 of Vancouver City comprise of low-rise residential apartments with a total GFA of approximately 852,912 sq.m. while the estimated GFA of the VC Hotel, as part of phase 6 of Vancouver City, is approximately 67,061 sq.m., representing approximately 7.9% of the total GFA of Phases 1 to 5 of the Vancouver City project.

As advised by our PRC Legal Advisors, the change of the land use rights from residential to commercial and the transfer of the land use rights certificates and building ownership certificates for the VC Hotel from the Remaining Zhong On Group to our Group will be conducted upon completion of construction of the hotel. As the VC Hotel was still under construction as of the Latest Practicable Date and therefore was incapable to be transferred to our Group, we have entered into the Land Acquisition Agreement and the Pre-opening Management Agreement with the Remaining Zhong An Group to achieve clear business delineation between the our Group and the Remaining Zhong An Group in relation to the VC Hotel. Please refer to the section headed "Business – Recent Development – Land Acquisition and Pre-opening Management Agreement" and the section headed "Continuing connected transactions" of this prospectus for details of the Land Acquisition Agreement and the Pre-opening Management Agreement, respectively.

Despite the Pre-opening Management Agreement, our Directors believe that our Group is capable of carrying on our business independently of the Remaining Zhong An Group for the following reasons:

(i) ***Our Group will be the exclusive project manager of the VC Hotel:*** Our Group will be entitled to the title, ownership, economic benefit as well as the operation and control of the VC Hotel after completion of the Land Acquisition Agreement, and we will be able to control the design and development of the VC Hotel prior to the completion of the Land Acquisition Agreement as the exclusive project manager of the VC Hotel. The Remaining Zhong An Group will no longer be involved in the development of the VC Hotel after signing of the Pre-opening Management Agreement other than the administrative role as mentioned in sub-paragraph (iv) below.

(ii) ***Our Group will bear all costs, expenses, taxes and other liabilities in connection with the development of the VC Hotel:*** Pursuant to the Land Acquisition Agreement, our Group will bear all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement.

(iii) ***No revenue will be derived from the operation of the VC Hotel by the Remaining Zhong An Group:*** As the VC Hotel will not commence its operation prior to the completion of the Land Acquisition Agreement, no income from the operation of the VC Hotel will be derived by the Remaining Zhong An Group prior to the termination of the Pre-opening Management Agreement. There will be no reliance by the Remaining Zhong An Group on our Group in its revenue generation, and vice versa.

(iv) ***Remaining Zhong An Group only plays an administrative role:*** The Remaining Zhong An Group will only take up an administrative role, in its capacity as the legal owner of the VC Hotel, to obtain the requisite land use rights certificate (with the use being changed to commercial) and building ownership certificates in respect of the VC Hotel and apply for the transfer of such certificates to our Group upon completion of the VC Hotel.

Residential properties in Zhong An Times Square (Phase II)

Zhong An Times Square (Phase II) is part of our integrated commercial – residential complex in Zhong An Times Square. Please refer to the paragraph headed "Zhong An Times Square" in the section headed "Business" of this prospectus for details of this development. The planning of Zhong An Times Square (Phase II) is for commercial-residential use. The estimated GFA of Zhong An Times Square (Phase II) is approximately 322,935 sq. m., of which approximately 84,404 sq. m. or approximately 26.1% is the Times Square Residential Portion.

As the land use rights certificate of the whole land to which the Zhong An Times Square (Phase II) relates is specified as "city residential land", as advised by our PRC Legal Advisors, the title in relation to the Times Square Residential Portion would only be able to be ascertained upon the relevant building ownership certificates are issued upon completion of construction thereof. As the development of Zhong An Times Square (Phase II) was under construction as of the Latest Practicable Date, the residential properties are not yet ascertainable and therefore incapable of being separated and transferred to the Remaining Zhong An Group before then.

The Times Square Residential Portion are for sales, the pre-sale of the properties commenced in September 2013 and it is expected to complete all sales by the end of 2014 based on Zhong An's historical experience. Therefore, it is not tax efficient for our Group to sell the Times Square Residential Portion to the Remaining Zhong An Group after completion of the construction (whereby the relevant building ownership certificates for the residential units will be issued and they will then become capable of being transferred) for the Remaining Zhong An Group to resell the same to the market.

The Remaining Zhong An Group has entered into the Cooperation Agreement with our Group to achieve clear business delineation between the Remaining Zhong An Group and our Group in relation to the Times Square Residential Portion. Please refer to the section headed "Continuing Connected Transactions" of this prospectus for details of the Cooperation Agreement. Due to the incapability of transfer of the Times Square Residential Portion by our Group to the Remaining Zhong An Group, the legal title and ownership of the Times Square Residential Portion will remain in, and will be sold or pre-sold under the name of, our Group. According to the Cooperation Agreement, our Group will pay the net proceeds to the Remaining Zhong An Group by way of a service fee.

Pursuant to the Cooperation Agreement which became effective on March 16, 2014, the Remaining Zhong An Group is and will be solely responsible for the ongoing development and sales of the Times Square Residential Portion, and is and will be entitled to the net economic benefit of the Times Square Residential Portion. On this basis, we are of the view that all risks of the Times Square Residential Portion have been transferred to the Remaining Zhong An Group. According to the prevailing International Financial Reporting Standards (IAS 18 IE Revenue recognition principal versus agent), we will derecognize the Times Square Residential Portion in the statement of financial position of our Group while recognize the same amount as amount due from related parties without any gain or loss being recognized by our Group. The proceeds from the pre-sales of the Times Square Residential Portion received or to be received by us on behalf of the Remaining Zhong An Group will be recorded as due to related parties in the statement of financial position of our Group, while the cost, expense and tax paid or to be paid by us on behalf on the Remaining Zhong An Group (which will be reimbursed and indemnified by the Remaining Zhong An Group to us) will be recorded as due from related parties in the statement of financial position of our Group. The gross up revenue and cost of sales of the Times Square Residential Portion will not be recognized by us as our revenue and cost of sales, but will be recognized as the gross up revenue and cost of sales of the Zhong An Group in the consolidated financial statements of Zhong An instead, given that the Remaining Zhong An Group has the primary responsibility for developing, selling and delivering property to purchasers of the Times Square Residential Portion in fulfilling the pre-sales contract.

Our Directors consider that the retaining of the Times Square Residential Portion by our Group will not affect the business delineation of the Remaining Zhong An Group and our Group for the following reasons:

(i) ***The Remaining Zhong An Group is responsible for the development and sales and entitled to the net economic benefits:*** our Group is of the view that the accounting treatment and tax implications do not affect the business delineations between our Group and the Remaining Zhong An Group. By virtue of the arrangements under the Cooperation Agreement becomes effective, the Remaining Zhong An Group will be solely responsible for the ongoing development and sales of the Times Square Residential Portion, and will be entitled to the net economic benefit of the Times Square Residential Portion, while our Group will no longer be engaged in the sales and development of the Times Square Residential Portion once the Cooperation Agreement becomes effective.

(ii) ***Not the main focus of our Group:*** Zhong An Times Square (Phase II) is a large-scale integrated commercial – residential complex project. The Times Square Residential Portion is considered as secondary or as complementary to such commercial development and its residential units are not the major focus of such development for our Group.

(iii) ***Immaterial:*** The Times Square Residential Portion only represents approximately 3.7% and 2.2% of the planned total GFA of our Group and the Remaining Zhong An Group, respectively, as of December 31, 2013. Hence, the Times Square Residential Portion is relatively insignificant to the Remaining Zhong An Group and our Group.

(iv) ***Incapable of being transferred:*** Given that the residential units of the Times Square Residential Portion are situated on top of a commercial complex, as advised by PRC Legal Advisors, the land use rights of the residential units are incapable of being separated and transferred to the Remaining Zhong An Group until completion of construction. As the development of Zhong An Times Square (Phase II) was still under construction as of the Latest Practicable Date, the Times Square Residential Portion is incapable of being separated and transferred to the Remaining Zhong An Group.

(v) ***Different timing for pre-sale:*** The pre-sale of the Times Square Residential Portion began in September 2013 and Zhong An expects that the sales of all residential units will be completed by the end of 2014. A small portion of the high-rise apartments in Jade Mansion, a residential development of the Remaining Zhong An Group nearby, is still under construction as of the Latest Practicable Date and a pre-sale of the units of Jade Mansion is currently expected to begin in the beginning of 2015. Therefore, there will not be any overlap in the timing for the pre-sale of the Times Square Residential Portion with the small portion of high-rise apartments in Jade Mansion and any competition between the Remaining Zhong An Group and our Group in this regard is minimal and is more apparent than real.

Given that the Times Square Residential Portion is situated on top of a commercial complex, certain pre-sale permits of the Times Square Residential Portion include both residential and commercial properties within the same permits. However, the sale of the residential properties and commercial properties is independent from each other and this is only applicable to the Times Square Residential Portion. In the future our Group and the Remaining Zhong An Group will be subject to the mechanism as referred to in the paragraph headed "Non-compete Undertakings – Joint property development on mixed commercial-residential use land projects" in this section for the Joint Development of Mixed-use Land.

Independence as to business and operations

Our Group is led by a management team as set out in the paragraph headed "Management independence" below after the Spin-off. Our management team comprises of managers who have considerable experience in investment opportunities in the commercial property, operation of hotels and property management in the PRC. Notwithstanding that we are subsidiaries of Zhong An, during the Track Record Period and up to the Latest Practicable Date, we had independent access to our customers and suppliers. We also have our own property development, planning and project management, sales and marketing, administration and other teams for carrying on its principal business activities independently without reliance on the Controlling Shareholders. Upon completion of the Spin-off, we will have our own internal control systems and accounting systems for our business operations.

There will be transactions between our Group and the Remaining Zhong An Group after the Listing, these transactions, including the Property Management Agreement, the CCT Tenancy Agreement, the Pre-opening Management Agreement and the Cooperation Agreement, will constitute continuing connected transactions under the Listing Rules, details of which are set out in the section headed "Continuing Connected Transactions" in this prospectus. As these transactions will be entered into in the ordinary and usual course of business of our Group on terms which are fair and reasonable and in the interest of our Group and its Shareholders as a whole, our Board does not consider any material reliance by our Group on our Controlling Shareholders.

Apart from the property management services in which we need to continue to engage Zhong An Management, a member of the Remaining Zhong An Group, to provide to our Group for Hidden Dragon Bay pursuant to the Property Management Agreement, for the reason as set out in the section headed "Continuing Connected Transactions – Property management agreement for the provision of property management services by Zhong An Management to our Group for the Hidden Dragon Bay project" in this prospectus all other projects of our Group are either managed by us or by independent qualified property management companies.

In relation to land acquisition, both our Group and the Remaining Zhong An Group have their own research team for site selection and, given the delineation of businesses between our Group and the Remaining Zhong An Group under the Non-compete Undertakings, our Group will only acquire lands for commercial use while the Remaining Zhong An Group will only acquire lands for residential use, and the Directors do not expect any competition between our Group and the Remaining Zhong An Group in land bidding. In respect of lands for commercial-residential complexes, without affecting our Group's and the Remaining Zhong An Group's obligations under the Non-compete Undertakings, our Group and the Remaining Zhong An Group will either separately bid for their respective commercial and residential parts of the development, respectively, or (where not feasible) we will not bid for the land unless we have been invited by, and have agreed on the terms and conditions with, the Remaining Zhong An Group in accordance with the mechanism as referred to in the paragraph headed "Non-compete Undertakings – Joint property development on mixed commercial-residential use land projects" in this section, in which case our Group and the Remaining Zhong An Group will jointly bid for the land, but (subject to compliance of the requirements under Chapter 14A of the Listing Rules and the relevant approvals from the PRC Government authorities) will own and develop their respective parts of the lands separately in accordance with the relevant terms and conditions of cooperation to be agreed between the two groups. Please refer to the paragraph headed "Non-compete Undertakings" in this section for further information. Our Directors consider that these arrangements are appropriate to avoid direct competition between the two groups for mixed commercial-residential use land projects, can minimize any disputes between the two groups in determining which group to take the lead in the development of each of these mixed commercial-residential use land projects, and are in the best interests of both groups. Based on a total of 33 projects, which include completed projects, projects under development, projects held for future development and projects contracted to be acquired as of December 31, 2013, of the Zhong An Group, only one project of our Group is mixed commercial-residential use land project, namely, Zhong An Times Square (Phase II). From our management's experience, commercial portions of most mixed commercial-residential use land projects are usually smaller, and are designed to provide the residents of the residential portion or the surrounding residential properties the convenience of retail shops, restaurants, entertainment, offices, and other ancillary facilities. As such, our Directors consider it fair and reasonable for the Remaining Zhong An Group (rather than our Group) to have a more proactive role in assessing opportunities in relation to the development of mixed commercial-residential use land projects. As we will remain as a subsidiary of Zhong An, our Directors believe that the independent board committee of Zhong An will, in its course of assessment of any potential development of mixed commercial-residential use land projects, take into account the interest of the Zhong An Group (including that of our Group) as a whole, and this will be beneficial for both groups and their respective shareholders. The Board does not consider any material reliance by our Group on our Controlling Shareholders in this regard.

Financial independence

Upon the completion of the Spin-off, we will have our own finance department and independent accounting systems. Our Directors also believe that we are able to obtain financing independent from our Controlling Shareholders and the Remaining Zhong An Group based on the following reasons:

(i) amount due from our Controlling Shareholders, their respective associates and/or related parties to our Group amounted to approximately RMB2,102.3 million, RMB2,148.7 million and RMB1,700.4 million as of December 31, 2011, 2012 and 2013, respectively. Such amounts due from our Controlling Shareholders, their respective associates and/or related parties to our Group were interest-free, unsecured and have no fixed terms of repayment except for the amounts due from Zhejiang Zhong An, which bore interest at the interest rates ranging from 0.1% per annum to 1.0% per annum for the three years ended December 31, 2013. Amounts due to our Controlling Shareholders, their respective associates and/or related parties from our Group amounted to approximately RMB3,368.2 million, RMB3,616.6 million and RMB2,737.3 million as of December 31, 2011, 2012 and 2013, respectively. Such amounts due to our Controlling Shareholders, their respective associates and/or related parties from our Group were interest-free, unsecured and have no fixed terms of repayment except for the amounts due to Hangzhou Danube, which bore interest at the interest rates of 6.0% per annum for the year ended December 31, 2012 and amounts due to Yuyao Property Development, which bore interest at the interest rates ranging from 11.3% per annum to 12.0% per annum for the two years ended December 31, 2013. Save for the amounts payable by the Remaining Zhong An Group in respect of the continuing connected transactions as referred to in the section headed "Continuing Connected Transactions" in this prospectus, which will be settled in accordance with the respective terms conditions of the relevant agreements, the balance of any outstanding amounts due from or to any of our Controlling Shareholders, their respective associates and/or related parties has been either settled by way of loan capitalization and/or repaid in full prior to the Listing Date;

(ii) during the Track Record Period, while our Group had been able to obtain bank borrowings and credit facilities from banks and financial institutions independently without any corporate guarantees and/or other security from members of the Remaining Zhong An Group as security, some of the banking facilities of our Group were, among other terms, secured by corporate guarantees and/or other security provided by Zhong An and/or other member(s) of the Remaining Zhong An Group. Such corporate guarantees and other security have been released or discharged prior to the Latest Practicable Date. Our Board is of the view that our Group would be able to obtain its own financing to support its business operations without undue reliance on members of the Remaining Zhong An Group after the Spin-off; and

(iii) during the Track Record Period, we had given corporate guarantees and security in respect of certain bank borrowings and credit facilities of certain members of the Remaining Zhong An Group. All such corporate guarantees and security have been released and discharged prior to the Latest Practicable Date.

In light of the foregoing, our Directors are of the view that our Group does not rely on our Controlling Shareholders and/or their associates by virtue of their provision of financial assistance.

Management independence

Our Board comprises seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Shi, our non-executive Director, is one of our Controlling Shareholders.

The following table sets out the executive directors, non-executive directors, independent non-executive directors and the company secretary of our Company and those of Zhong An immediately upon the Spin-off:

Name	Position/Title in our Company	Position/Title in Zhong An
Ms. Jin Ni	Executive Director, vice chairlady of our Board and president of our Group	None
Mr. Li Chu	Executive Director and vice president of our Group	None
Ms. Tang Yiyan	Executive Director and vice president of our Group	None
Mr. Shi Kancheng (alias Shi Zhongan)	Non-executive Director and chairman of our Board	Executive director, chairman and chief executive officer
Mr. Ng Sze Yuen, Terry	Independent non-executive Director and vice chairman of our Board	None
Mr. Xu Chengfa	Independent non-executive Director	None
Mr. Yim Chun Leung	Independent non-executive Director	None
Mr. Lou Yifei	None	Executive director
Ms. Shen Tiaojuan	None	Executive director
Mr. Zhang Jiangang	None	Executive director

Name	Position/Title in our Company	Position/Title in Zhong An
Professor Pei Ker Wei	None	Independent non-executive director
Dr. Loke Yu (alias Loke Hoi Lam)	None	Independent non-executive director
Mr. Zhang Huaqiao	None	Independent non-executive director
Mr. Cheng Shing Hay	Company secretary and chief financial officer	None
Mr. Lam Yau Yiu	None	Company secretary and chief financial officer

Our Directors are of the view that our Directors and our management teams are able to function independently from the Controlling Shareholders and the Remaining Zhong An Group based on the following reasons:

(i) Mr. Shi, our chairman and non-executive Director, is an executive director, chairman and chief executive officer of Zhong An immediately before the Spin-off and will remain in such positions in Zhong An upon Listing. Mr. Shi has been concentrating on strategic planning and the overall management of the Zhong An Group since its establishment in 1997. Upon the Spin-off, he will serve the same functions to lead the Board of our Company, to ensure that the Board perform its roles and responsibilities effectively, and to ensure proper corporate governance practices and procedures within our Group. Mr. Shi will not work on a full-time basis in our Group, and will not be involved in the day-to-day business operations and management of our Group. Hence, our Directors believe that there will not be a conflict of interest arising out of Mr. Shi's dual roles.

Given the non-executive nature of Mr. Shi's directorship in our Company, it is expected that Mr. Shi will have sufficient time and resources to serve on the boards of both our Company and Zhong An without affecting his discharge of duties and responsibilities as the chairman of the Board and non-executive Director of our Company;

(ii) save for Mr. Shi, all of our Directors are independent of the directorship and management of the Controlling Shareholders and the Remaining Zhong An Group. Save for Mr. Shi, none of our Directors will continue to have any executive role or involvement in the Remaining Zhong An Group upon the Spin-off, and will dedicate their time in managing the business of our Group. In particular, Ms. Jin Ni, one of our executive Directors, has performed the role of vice president of the Zhong An Group while being the general manager of our Group during the Track

Record Period. She was in charge of the strategic development, business management and operation of the commercial projects and properties of the Zhong An Group. Ms. Jin will cease to take any managerial or directorial positions in the Remaining Zhong An Group upon the Spin-off. Save as disclosed above, it is expected that there will be no overlapping of our management team between our Group and the Remaining Zhong An Group upon the Spin-off;

(iii) in case (i) the Group proposes to enter into any transactions with the Remaining Zhong An Group which are subject to our Company's independent shareholders' approval pursuant to Chapter 14A of the Listing Rules and (ii) with respect to the consideration or review of any matters referred to or under the Non-compete Undertakings, the three independent non-executive Directors of our Company will be able to advise us, its disinterested Board and/or the independent shareholders of our Company on the transactions;

(iv) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and the Remaining Zhong An Group after the Spin-off;

(v) each of our Directors has confirmed to our Group that he/she is not currently engaged in any business which is in competition or potentially in competition, either directly or indirectly, with the business of our Group.

NON-COMPETE UNDERTAKINGS

Each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group and the Remaining Zhong An Group from any potential competition, the Controlling Shareholders and our Company have entered into the Non-compete Undertakings on May 31, 2014 pursuant to which each of the Controlling Shareholders and our Company have, among other matters, irrevocably and unconditionally undertaken with each other on a joint and several basis that at any time during the Relevant Period (as defined below):

(1) each of the Controlling Shareholders shall, and shall procure that his/its respective associates (other than our Group) to:

(i) save for the Excluded Business (as defined below), not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by our Group including but not limited to the development or sale of or investment in or management of commercial properties and/or land development in the PRC from time to time ("**Restricted Business of the Remaining Zhong An Group**");

(ii) not solicit any existing or then existing employee of our Group for employment by them or their respective associates (excluding our Group);

(iii) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to their knowledge in their capacity as our Controlling Shareholders and/or Directors for the purpose of competing with the Restricted Business of the Remaining Zhong An Group;

(iv) in respect of any proposals received by any of them or their respective associates (excluding our Group) involving the marketing, sales and development of any Restricted Business of the Remaining Zhong An Group, it/he shall notify us and provide us with all necessary information in respect of the relevant proposal as soon as practicable, refer the relevant proposal to our Group and use all reasonable endeavours to procure the person who communicated the proposal to the Controlling Shareholders or their respective associates to contact our Group directly regarding the proposal; and

(v) not carry on, invest in or be engaged in any proposals received by any of them or their respective associates (excluding our Group) as referred to in sub-paragraph (1)(iv) above in any event, whether our Group has decided to take up the opportunity under such proposal(s) or not.

(2) we shall, and shall procure that our associates (other than the Controlling Shareholders and the Remaining Zhong An Group) to:

(i) save for the Excluded Business (as defined below), not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by the Remaining Zhong An Group including but not limited to the development or sale of or investment in or management of residential properties in the PRC from time to time ("**Restricted Business of our Group**");

(ii) not solicit any existing or then existing employee of the Remaining Zhong An Group for employment by us or our respective associates (excluding the Remaining Zhong An Group);

(iii) not, without the consent from Zhong An, make use of any information pertaining to the business of the Remaining Zhong An Group which may have come to our knowledge in our capacity as subsidiary of Zhong An for the purpose of competing with the Restricted Business of our Group; and

(iv) in respect of any proposals received by us or our respective associates (excluding the Remaining Zhong An Group) involving the marketing, sales and development of any Restricted Business of our Group, we shall notify the Remaining Zhong An Group and provide the Remaining Zhong An Group with all necessary information in respect of the relevant proposal as soon as practicable, refer the relevant proposal to the Remaining Zhong An Group and use all reasonable endeavours to procure the person who communicated the proposal to us or our associates to contact to the Remaining Zhong An Group directly regarding the proposal.

(v) not carry on, invest in or be engaged in any proposals received by us or our associates (excluding the Remaining Zhong An Group) as referred to in sub-paragraph (2)(iv) above in any event, whether the Remaining Zhong An Group has decided to take up the opportunity under such proposal(s) or not.

For the above purpose:

(A) the "**Relevant Period**" means the period commencing from the Listing Date and shall expire upon the earliest date of occurrence of the events below:

(a) in respect of a Controlling Shareholder the date on which the Controlling Shareholder concerned (individually or taken as a whole with the other Controlling Shareholders) ceases to be a controlling shareholder (within the meaning ascribed to it under the Listing Rules from time to time) for the purpose of the Listing Rules; and

(b) the date on which our Shares shall cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

(B) the "**Excluded Business**" means

(a) the development and sale of any land or properties by the Remaining Zhong An Group or our Group in relation to the joint property development on mixed commercial-residential use land projects subject to compliance with the mechanism as set out in the paragraph headed "Joint property development on mixed commercial-residential use land projects" below;

(b) the provision of property management services to the mixed commercial-residential properties from time to time owned and/or developed by the Remaining Zhong An Group or our Group, and the provision of property management services to our Group by Zhong An Management pursuant to the Property Management Agreement for our Hidden Dragon Bay project;

(c) the development and investment by the Remaining Zhong An Group in the VC Hotel (provided that the VC Hotel shall be exclusively managed by our Group in accordance with the terms and condition of the Pre-opening Management Agreement) and the sale thereof to our Group and other transactions contemplated under the Land Acquisition Agreement;

(d) the development, sales and/or investment by the Remaining Zhong An Group in shops and car parking spaces ancillary to the residential properties from time to time owned and/or under development and/or future development by the Remaining Zhong An Group, provided that the aggregate GFA of these shops to which the relevant residential property project relates shall not exceed 10% of the planned total GFA of the relevant residential property project;

(e) the direct or indirect investments of the Controlling Shareholders and/or their respective associates (excluding our Group) in the Shares or other securities of our Company (but not that of any other member of our Group);

(f) our existing investment in the Times Square Residential Portion and the transactions contemplated under the Cooperation Agreement;

(g) any direct or indirect investment by the Controlling Shareholders and/or their respective associates (excluding our Group) in the shares of a publicly listed company (excluding any member of our Group) whereby:

(i) the aggregate investment by such Controlling Shareholder and/or his/its associates (excluding our Group) does not exceed 5% of the entire issued share capital of that company; and

(ii) none of such Controlling Shareholder and/or his/its associates will be the single largest shareholder of that company; and

(iii) none of such Controlling Shareholder and/or his/its associates will be involved in the operation and management of that company and/or its subsidiaries.

(h) any direct or indirect investment by our Group and/or our associates (other than the Controlling Shareholders and the Remaining Zhong An Group) in the shares of a publicly listed company (excluding Zhong An and any other member of the Remaining Zhong An Group) whereby:

(i) the aggregate interests held by our Group and/or our associates (other than the Controlling Shareholders and the Remaining Zhong An Group) does not exceed 5% of the entire issued share capital of that company; and

(ii) none of the members of our Group and/or our associates (other than the Controlling Shareholders and the Remaining Zhong An Group) will be the single largest shareholder of that company; and

(iii) none of the members of our Group and/or our associates (other than the Controlling Shareholders and the Remaining Zhong An Group) will be involved in the operation and management of that company and/or its subsidiaries.

Each of our Controlling Shareholders has jointly and severally undertaken under the Non-compete Undertakings that he or it shall, and procure his/its respective associates (other than our Group) to, provide to us and/or our Directors (including the independent non-executive Directors) from time to time all information necessary for annual review by the independent non-executive Directors with regard to compliance with the terms of the Non-compete Undertakings by the Controlling Shareholders. Each of the Controlling Shareholders has also jointly and severally undertaken to make an annual declaration as to compliance with the terms of the Non-compete Undertakings in our annual report.

Joint property development on mixed commercial-residential use land projects

Under the Non-compete Undertakings, Zhong An and our Company have agreed to each other that, during the period commencing from the Listing Date and expiring upon the earliest date of occurrence of (i) the date on which Zhong An and Ideal World cease to be controlling shareholders of our Company; and (ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange, each of the Remaining Zhong An Group and our Group will adopt the following mechanism in relation to the development of mixed commercial-residential property development project whenever such opportunity arises:

(A) in respect of every occasion in which an opportunity arises for an acquisition and development of a piece of land for property development project which has been designated by the relevant planning authority to be for mixed commercial-residential use, regardless of whether a specific part or certain proportion of the land (the "**Mixed-use Land**") designated for Commercial Use and another part for Residential Use, the mechanism set out below shall be adopted if the independent board committee of Zhong An resolves to consider to develop property on the Mixed-use Land, while our Group will not proactively consider the property development of any Mixed-use Land unless it is invited by the Remaining Zhong An Group to participate in the Joint Development (as defined below) as a Participating Developer (as defined below) as mentioned below;

(B) the Remaining Zhong An Group may only proceed with the property development on the Mixed-use Land subject to the following conditions being fulfilled:

(a) the Remaining Zhong An Group will take the lead in the planning and development of the Mixed-use Land, and its directors will invite at least one other developer (the "**Participating Developer**"), with such qualifications, experience and other eligibility criteria for such candidate(s) of Participating Developer as specified by the independent board committee of Zhong An on project-by-project basis, to participate in the property development on the commercial part of the Mixed-use Land by way of a joint acquisition and development (the "**Joint Development**"). The Remaining Zhong An Group will not proceed with the property development on such Mixed-use Land in any event if no Participating Developer is willing to participate, or is able to reach agreement with the Remaining Zhong An Group in respect of its participation in, the Joint Development;

(b) the Joint Development will be planned and designed so that the relevant land use rights contract should separately designate specific part or proportion of the land for Commercial Use and Residential Use, construction commencement and completion permits and pre-sale permit are issued separately for the respective commercial and residential portion of the Mixed-use Land, and that separate land use right certificates are issued specifically for "commercial" or "residential" use (but not for commercial-residential mixed use or in the manner similar to that for the Zhong An Times Square (Phase II)) for specific part of the Mixed-use Land). The Remaining Zhong An Group will not proceed with the property development on such Mixed-use Land in any event if the relevant land use rights could not be separated into a commercial portion and a residential portion and the land use rights certificates cannot be issued specifically for commercial or residential use, such as development involving a residential complex set above a commercial podium. This is to ensure the clear business delineation between our Group and the Remaining Zhong An Group in terms of ownership in lands, and to avoid any unduly reliance by our Group on the Remaining Zhong An Group or third party developers in the residential development over the same piece of the land, and vice versa;

(c) the title and ownership of the residential portion of the Mixed-use Land shall vest in the Remaining Zhong An Group, while that of the commercial portion of the Mixed-use Land shall vest in the Participating Developer;

(d) any terms and conditions of the Joint Development to be agreed with the Participating Developer, including the naming of the Joint Development, the respective roles, benefits and responsibilities under the Joint Development, details of the design, bidding, construction, completion, marketing, pre-sales and delivery arrangements for the Joint Development, and the construction and development of the ancillary facilities under the Joint Development, shall be negotiated between the Remaining Zhong An Group and the Participating Developer and shall be subject to approval by the independent board committee of Zhong An on a project-by-project basis, provided that (1) the Joint Development shall be in the form of cooperation agreement, specifying the respective roles, responsibilities, benefits and liabilities of each party under the Joint Development, rather than by way of establishment of a joint venture company; (2) the Remaining Zhong An Group will be solely responsible for the construction and development of, and will be entitled to the incomes deriving from, the residential portion of the Mixed-use Land, while the Participating Developer will be solely responsible for the construction and development of, and the incomes deriving from, the commercial portion of the Mixed-use Land; and (3) the Remaining Zhong An Group will bear all costs, expenses and taxes in connection with, and will be responsible for any liability arising from, the development or sales of or investment in the residential portion of the Mixed-use Land, while the Participating Developer will bear all costs, expenses and taxes in connection with, and will be responsible for any liability arising from, the development or sales of or investment in the commercial portion of the Mixed-use Land;

(e) if our Group is eligible and has been invited to participate in the Joint Development as a Participating Developer (whether alone or jointly with other developer(s)), the management of Zhong An must submit at least one more proposal for the Joint Development with eligible independent third party developer(s) without the involvement of our Group and the proposal for the Joint Development with our Group for approval by the independent board committee of Zhong An, unless the independent board committee of Zhong An is reasonably satisfied that (1) other than our Group, its management could not find another eligible independent third party developer to participate in the Joint Development as a Participating Developer on terms and conditions reasonably acceptable to Zhong An; and (2) its management has demonstrated to the independent board committee of Zhong An that it has taken reasonable steps to approach eligible independent third party developer for the proposed cooperation for the Joint Development but has failed to reach an agreement on the Joint Development on terms and conditions reasonably acceptable to Zhong An;

(C) if our Group is eligible and has been invited by the Remaining Zhong An Group to participate in the Joint Development, we may only proceed with the Joint Development on and subject to the following conditions being fulfilled:

(a) the compliance by our Group of the applicable requirements under Chapter 14A of the Listing Rules;

(b) our independent board committee having approved the proposed participation by our Group of the Joint Development as a Participating Developer and the terms and conditions thereof, which shall be negotiated between the two groups on an arm's length basis. To facilitate the approval process, our management shall conduct research and feasibility study on, inter alia, land acquisition costs, construction budget, expected return and future prospects of the proposed property development on the commercial portion of the Mixed-use Land, and provide such other information as our independent board committee may require. Our independent board committee shall review and, if considered fit, approve the proposed participation after taking into account, among other factors, the prospects, expected return and risk profile of our Group in relation to our participation in the Joint Development, the fairness and reasonableness of the terms and conditions of such proposed participation, and whether it is in the interests of our Group and our Shareholders as a whole to participate in the Joint Development; and

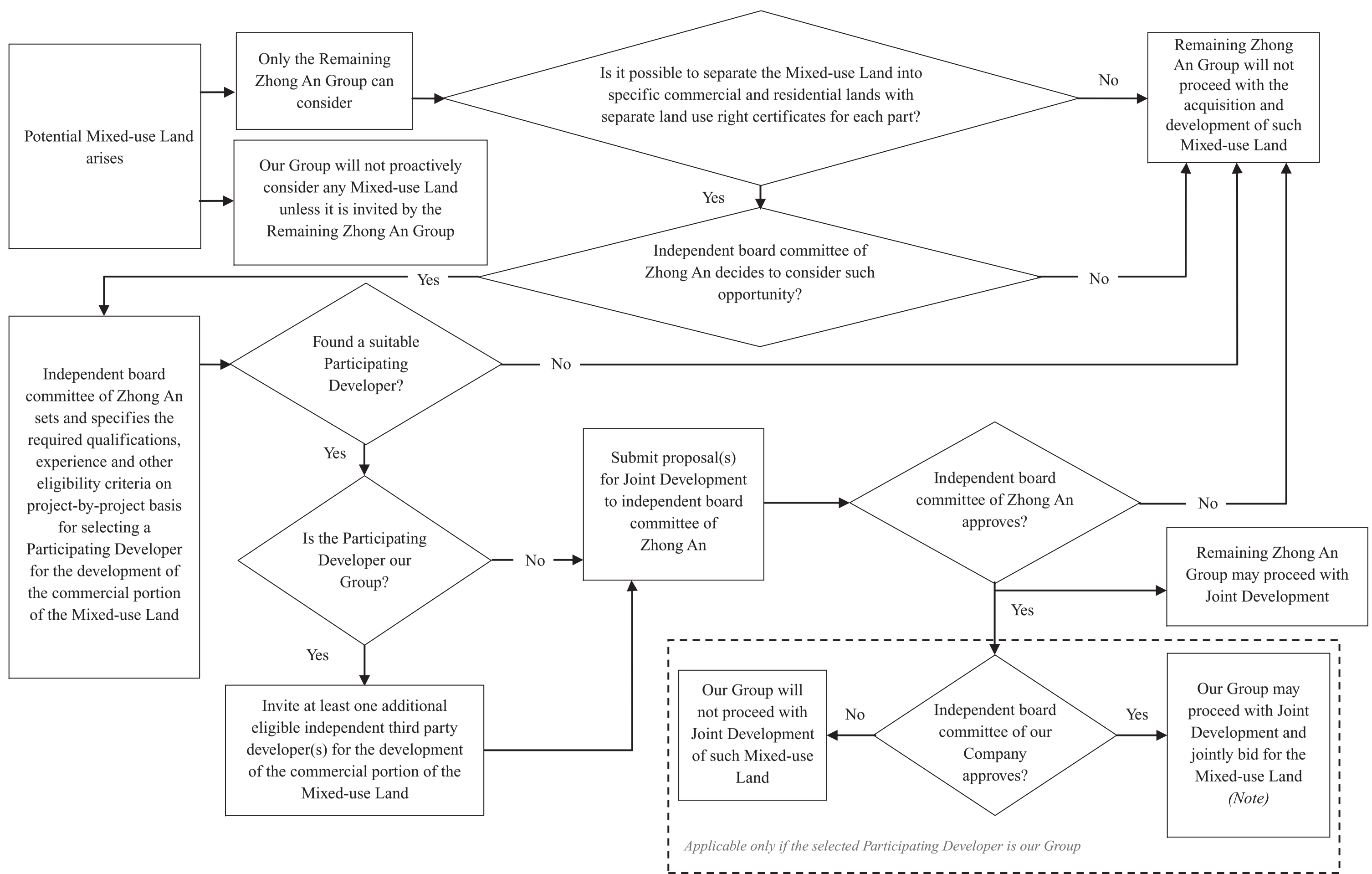
(D) except for the Excluded Business, and other than participating in Joint Developments as Participating Developer on and subject to the mechanism as aforesaid, our Group will not engage in the property development of any Mixed-use Land.

For the above purpose:

(A) "**Commercial Use**" means, in relation to a Mixed-use Land tendered for auction, a specific part or certain proportion of the land that is specified in the tender conditions of the auctioned Mixed-use Land to be for commercial property development, the land use right contract designated for that specific part or proportion of land to be for commercial use, and the land use right certificate to be issued for such specific part or proportion of the land will be specifically for commercial use; and

(B) "**Residential Use**" means, in relation to a Mixed-use Land tendered for auction, a specified part or certain proportion of the land that is specified in the tender conditions of the auctioned Mixed-use Land to be for residential property development, the land use right contract designated for that specific part or proportion of land to be for residential use, and the land use right certificate to be issued for such specific part or proportion of the land will be specifically for residential use.

The following diagram illustrates the respective decision making processes of the Remaining Zhong An Group and (where applicable) our Group in respect of each Joint Development project:



Note: Subject to the compliance by our Group of the applicable requirements under Chapter 14A of the Listing Rules

Corporate governance measures for the compliance and enforcement of the Non-compete Undertakings

In order to properly manage any potential or actual conflict of interests between us, our Controlling Shareholders and the Remaining Zhong An Group in relation to the compliance and enforcement of the Non-compete Undertakings, we have adopted the following corporate governance measures:

(i) our independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Non-compete Undertakings by our Controlling Shareholders;

(ii) we will disclose any decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Non-compete Undertakings (which include those decisions on matters in relation to Joint Development on a Mixed-use Land), either through our annual report or by way of announcement;

(iii) we will disclose in the corporate governance report of our annual report on how the terms of the Non-compete Undertakings have been complied with and enforced;

(iv) in the event that any of our Directors and/or their respective associates has material interest in any matter to be deliberated by the Board in relation to the compliance and enforcement of the Non-compete Undertakings, he/she shall disclose his/her interests to our Board and may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association;

(v) Zhong An has undertaken to our Group that it will have appropriate corporate governance measures to ensure that, in the event that any of its directors and/or their respective associates has material interest in any matter to be deliberated by the board of directors of Zhong An in relation to the compliance and enforcement of the Non-compete Undertakings, he/she shall disclose his/her interests to the board of directors of Zhong An and may not vote on the resolution(s) of the board of directors of Zhong An approving the matter and shall not be counted towards the quorum for the voting;

(vi) in relation to the mechanism for the property development on Mixed-use Lands, each of Zhong An and our Company has undertaken to each other that it must, in respect of each of its financial year ending after the Listing, instruct its auditors or independent financial advisers to review such documents as the auditors or independent financial advisers may require and confirm to its board of directors that the mechanism set out above under the paragraph headed "Joint property development on mixed commercial-residential use land projects" had been complied with during such financial year;

(vii) each of Zhong An and our Company has undertaken to each other that it will provide to the other party from time to time all information necessary for annual review by the auditors and/or independent financial advisers of the other party as referred to in (vi) above;

(viii) each of Zhong An and our Company will disclose any findings by its auditors and/or independent financial advisers in relation to the annual review as referred to in (vi) above in the corporate governance report of its annual report.

(ix) in the event that the arrangements as set out under the paragraph headed "Joint property development on mixed commercial-residential use land projects" had not been complied with during the relevant financial year and therefore the exemption to the Non-compete Undertakings does not apply, the independent non-executive Directors shall decide on the enforcement actions to be taken in respect of any possible breach of the Non-compete Undertakings by Zhong An.

(x) any decision to be made by our Group in relation to the mechanism for the Joint Development on Mixed-use Lands, including but not limited to the decision to proceed with the property development on the Mixed-use Lands as a Participating Developer and the terms and conditions for the Joint Development, will be subject to the approval by our independent board committee. Mr. Ng Sze Yuen, Terry and Mr. Yim Chun Leung, being two of our independent non-executive Directors, have extensive experience in the development and/or investment in commercial properties in Hong Kong and the PRC. Please refer to the section headed "Directors and senior management – Directors and senior management – Directors" for further information. Based on the above, we believe that our independent board committee will possess sufficient expertise and experience for making impartial decisions to protect the interests of our Company and its Shareholders as a whole. Zhong An has also undertaken to us that it will provide us with all information necessary for our independent board committee to make the above decisions. Such decisions made by our independent board committee during the relevant reporting period (regardless of whether we have decided to accept or reject the proposed participation in the Joint Development) will also be published in our interim and annual report. Please refer to the mechanism as set out in the paragraph headed "Joint property development on mixed commercial-residential use land projects" above for further details.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

CONTINUING CONNECTED TRANSACTIONS

Upon the Listing, the transactions set forth below will constitute continuing connected transactions (as defined in the Listing Rules) for our Company under Chapter 14A of the Listing Rules:

(i) the lease of office premises by our Group to Hangzhou Danube

(ii) the provision of property management services by Zhong An Management to our Group for the Hidden Dragon Bay project

(iii) the Pre-opening Management Agreement for the provision of management and supervision of the ongoing construction and development of VC Hotel, to Anhui Zhong An Real Estate by our Group

(iv) the Cooperation Agreement for the provision of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion, to our Group by Yuyao Zhong'an Property

Relationship between our Group and connected persons

Hangzhou Danube, a limited liability company established under the laws of the PRC, is principally engaged in property development. It is an indirect non-wholly owned subsidiary of Zhong An.

Zhong An Management, a limited liability company established under the laws of the PRC, is principally engaged in the provision of property management services. It is an indirect non-wholly owned subsidiary of Zhong An.

Anhui Zhong An Real Estate, a limited liability company established under the laws of the PRC, is principally engaged in property development. It is wholly-owned by Zhong An Properties, a direct wholly-owned subsidiary of Zhong An.

Yuyao Zhong'an Property, a limited liability company established under the laws of the PRC, is principally engaged in property development. It is an indirect non-wholly owned subsidiary of Zhong An.

As Zhong An is one of our Controlling Shareholders, each of Hangzhou Danube, Zhong An Management, Anhui Zhong An Real Estate and Yuyao Zhong'an Property is a connected person of our Company under the Listing Rules.

Under the Listing Rules, for so long as each of the above companies and persons remains as a connected person of our Company, the transactions described below would constitute continuing connected transactions for our Company under the Listing Rules upon the Listing.

(A) Continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders' approval requirements

(i) A tenancy agreement for office premises leased by our Group to Hangzhou Danube

Pursuant to a tenancy agreement ("**CCT Tenancy Agreement**") entered into between Highlong Commercial Buildings as the landlord and Hangzhou Danube as the tenant, Hangzhou Danube has agreed to lease from Highlong Commercial Buildings the following office premises on the principal terms and conditions as set out below:

Address	(i) Appox. gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Approximate annual total rent payable under the CCT Tenancy Agreement *(Note)*	Rent payable and payment method	Rent for the Track Record Period
15th Floor, Building 2, Highlong Plaza, Shanyin Road, Xiaoshan District, Hangzhou	(i) 1,027.15 sq. m. (ii) Office	(i) March 12, 2014 (ii) March 16, 2014 – December 31, 2016	2014: RMB618,601 2015: RMB618,601 2016: RMB493,186 all exclusive of management fee and utility charges	2014-2016: Rent: RMB1.65/sq.m./day Rent of first six months shall be payable by Hangzhou Danube to our Group in advance upon signing of tenancy agreement, with the rent for successive periods of six months payable in advance not later than 5 days prior to the commencement of such 6-month period.	Year ended December 31 (i) 2011: Nil (ii) 2012: Nil (iii) 2013: Nil

Note: The rent was arrived at after arm's length negotiations between the parties and determined by reference to the prevailing market rent of the premises.

Our Directors anticipate that the aggregate rent payable by Hangzhou Danube to our Group under the CCT Tenancy Agreement will not exceed approximately RMB620,000, RMB620,000 and RMB500,000 for the years ending December 31, 2014, 2015 and 2016, respectively. Such annual caps represent the actual rent payable by Hangzhou Danube to our Group pursuant to the CCT Tenancy Agreement.

CBRE Limited, the property valuer of our Company, has reviewed the rental payable pursuant to the CCT Tenancy Agreement and considers that the annual rent under the CCT Tenancy Agreement is fair and reasonable and consistent with the then current market rents for similar premises in similar locations in the PRC.

(ii) Property management agreement for the provision of property management services by Zhong An Management to our Group for the Hidden Dragon Bay project

Pursuant to the Property Management Rules of Zhejiang Province* (浙江省物業管理條例), on September 25, 2010, Hangzhou Zheng Jiang entered into a preliminary property management agreement (as supplemented by a supplemental property management agreement dated December 5, 2013) ("**Property Management Agreement**") with Zhong An Management pursuant to which Zhong An Management has been appointed to provide the preliminary property management services which includes, inter alia, maintenance, cleaning, repairs, security and other ancillary services for the Hidden Dragon Bay project pending the entering into the property services contract between the owners' committee (on behalf of all owners) and the relevant property services provider.

Pursuant to the Property Management Rules of Zhejiang Province* (浙江省物業管理條例), prior to obtaining the pre-sale permit for a property development, property developer should appoint property management service provider for the provision of preliminary property management services and certain criteria (such as the total GFA sold, delivered and occupied must reach a minimum percentage, or the first property sold, delivered and occupied must reach certain number of years and the total GFA sold, delivered and occupied must reach a minimum percentage) must be fulfilled before an owners' committee (on behalf of all owners) could be established. As those criteria have not yet been fulfilled, the owners' committee (on behalf of all owners) has not yet been formed, and therefore Zhong An Management, being the property manager previously appointed for such purpose, will need to be retained until it is replaced by another property services provider to be appointed once the owners' committee (on behalf of all owners) has been established.

The following sets out the principal terms and conditions of the Property Management Agreement:

(1) Zhong An Management will assist our Group to establish the property management procedures and preparing maintenance and renovation plans with respect to the common areas and common facilities of the Hidden Dragon Bay;

(2) owners of the properties shall pay, based on the GFA of the properties so owned, to Zhong An Management the following property services fee on a quarterly basis in advance within 20 days of the first month of each quarter, provided that, after completion of construction of the areas and facilities to be managed under the Property Management Agreement, our Group shall be responsible for paying such property service fees in respect of any unsold properties or properties sold but failed to be delivered by our Group to the relevant purchasers or transferees thereof on time:

(a)	Serviced apartment	RMB1.8/sq.m./month
(b)	Leisure mansion	RMB5.0/sq.m./month
(c)	Retail unit	RMB3.5/sq.m./month (exclusive of the provision of general sanitation, greenery and keeping of social order for area within front entrance of such shop)

(3) owners or users of the properties shall pay, based on the GFA of the properties so owned or used, to Zhong An Management the following property utility charge on a quarterly basis in advance within 20 days of the first month of each quarter:

(a)	Serviced apartment	RMB0.5/sq.m./month
(b)	Leisure mansion	RMB0.2/sq.m./month

(4) A 30% discount will be applied to the service fee payable by the property owner for non renovated and vacant property;

(5) owners or users of car parking spaces shall pay to Zhong An Management a monthly license fee of RMB60 for each car parking space so used on a monthly basis in advance within 5 days of each month;

(6) our Group shall cooperate with Zhong An Management for the inspection in respect of the common areas and common facilities of the Hidden Dragon Bay, and Zhong An Management shall inspect, accept and takeover these areas and facilities three months prior to the delivery of the properties to Zhong An Management. A sum of RMB874,716 shall be payable by our Group to Zhong An Management prior to the commencement of field work by Zhong An Management;

(7) our Group shall, within three months before the delivery of the properties provide to Zhong An Management a renovated and useable premises for use by it as the property management office, and shall pay to Zhong An Management a sum of RMB405,421 for the opening of such property management office; and

(8) during the period commencing from the date of commencement of construction (i.e. 1 October 2010) and up to the delivery of the Hidden Dragon Bay project (i.e. 30 April 2013) to Zhong An Management, our Group will pay to Zhong An Management a monthly preliminary property management advisory fee of RMB18,000.

The Property Management Agreement was for a term commencing from October 1, 2010 and will terminate upon the entering into the property services contract between the owners' committee (on behalf of all property owners) and the relevant property services company for the provision of property management services.

During the years ended 31 December 2011, 2012 and 2013, the aggregate amount of fees and charges paid or payable by our Group to Zhong An Management under the Property Management Agreement amounted to RMB216,000, RMB216,000 and approximately RMB2.4 million, respectively.

Our Directors anticipate that the aggregate amount paid or payable by our Group to Zhong An Management under the Property Management Agreement will not exceed RMB2.7 million, RMB1.3 million and RMB520,000 for the years ending December 31, 2014, 2015 and 2016, respectively. Such annual caps have been determined by us with reference to (i) the aggregate GFA of the unsold serviced apartments, leisure mansion, retail units and car parking spaces, which exclude all of the non-saleable, leasable areas of the Hidden Dragon Bay owned by us; (ii) the aggregate amount of fees and charges actually paid or payable by our Group to Zhong An Management under the Property Management Agreement up to the Latest Practicable Date and (iii) the possible sales of some of the existing properties in Hidden Dragon Bay.

CBRE Limited, the property valuer of our Company, has reviewed the property services fee, property utility charge and license fee for car parking spaces payable pursuant to the Property Management Agreement and considers that each of the annual property services fee, property utility charge and license fee for car parking spaces under the Property Management Agreement is fair and reasonable and consistent with the then current market property services fee, property utility charge and license fee for car parking spaces for similar premises in similar locations in the PRC.

Based on the respective annual caps for the transactions under, (i) the CCT Tenancy Agreement and (ii) the Property Management Agreement as mentioned above, it is expected that each of the percentage ratios (other than the profits ratio), where applicable, calculated by reference to Rule 14.07 of the Listing Rules, will be less than 0.1% on annual basis. Accordingly, the transactions under each of the CCT Tenancy Agreement and the Property Management Agreement will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iii) Pre-opening Management Agreement

As disclosed in the paragraph headed "The Reorganization" under the section headed "History, Reorganization and Corporate Structure", Hefei Holiday Inn has entered into the Pre-opening Management Agreement with Anhui Zhong An Real Estate pursuant to which Hefei Holiday Inn has been appointed as the exclusive project manager for the overall management and supervision of the ongoing construction and development of the VC Hotel on the following principal terms and conditions:

(i) Hefei Holiday Inn will be responsible for the overall management and supervision of the ongoing construction and development of the VC Hotel;

(ii) Hefei Holiday Inn will be responsible, among others, for providing the pre-opening services which include determining the management structure and organizing different departments within the VC Hotel, developing management control procedures and accounting systems of the VC Hotel, recruitment of staff, implementation of staff training programs, development of marketing strategies, advertising and public relations plans and the implementation of promotional activities; and

(iii) the Pre-opening Management Agreement will be for a term starting from the date of signing of the Pre-opening Management Agreement and up to the completion or earlier termination of the Land Acquisition Agreement, unless terminated earlier as a result of, among others, breach of the Pre-opening Management Agreement.

No fees will be payable by Anhui Zhong An Real Estate to our Group under the Pre-opening Management Agreement. As the transactions under the Pre-opening Management Agreement will be conducted as a transitional arrangement pending completion of the Land Acquisition Agreement and as part of the Reorganization, our Directors consider that the terms and conditions of the Pre-opening Management Agreement are on normal commercial terms. The transactions under the Pre-opening Management Agreement will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Continuing connected transaction subject to the reporting, annual review, announcement but exempted from independent shareholders' approval requirements

Cooperation Agreement

As disclosed in the paragraph headed "The Reorganization" under the section headed "History, Reorganization and Corporate Structure", our Group has entered into the Cooperation Agreement with Yuyao Zhong'an Property, pursuant to which Yuyao Zhong'an Property has been appointed as the exclusive project manager for the overall management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion on the following terms and conditions:

(i) Yuyao Zhong'an Property shall be solely responsible for the management and supervision of the construction, development and sales of, and shall be entitled to the net economic benefits arising from, the Times Square Residential Portion;

(ii) after the Cooperation Agreement became effective on March 16, 2014, Yuyao Zhong'an Property will bear all costs, expenses and taxes in connection with the development and sales of the Times Square Residential Portion, and shall indemnify and reimburse us for any such costs, expenses, taxes and other liabilities to be incurred or suffered by us arising in relation to the sales and pre-sales of the Times Square Residential Portion, and the guarantee arrangements as referred to in sub-paragraph (vi) below;

(iii) while the legal title and ownership of the relevant land use rights and (upon completion of the development) the building ownership will remain in our Group, our Group will hold such title and ownership on behalf and for the benefit of the Remaining Zhong An Group and, after completion of the development of the Times Square Residential Portion, and upon request by the Remaining Zhong An Group, assist the purchasers thereof to obtain the property ownership certificates for the property purchased or, as the case may be, transfer to or assist the Remaining Zhong An Group to obtain the property ownership certificates in respect of any unsold properties;

(iv) while Yuyao Zhong'an Property shall be responsible for the management and supervision of the development, construction and sales of the Times Square Residential Portion, we shall, in our capacity as the legal owner of the Times Square Residential Portion and at the costs and expenses of Yuyao Zhong'an Property, take such necessary actions to facilitate the development, pre-sales and sales of the Times Square Residential Portion, including assisting Yuyao Zhong'an Property in the application for the requisite pre-sale permit, entering into pre-sales and/or sales agreements with purchasers of the properties at such selling prices and on such terms and conditions as determined by Yuyao Zhong'an Property and assisting the purchasers and/or Yuyao Zhong'an Property to obtain the property ownership certificates in respect of the properties;

(v) the proceeds from the pre-sale and sales of the Times Square Residential Portion will be deposited in the bank accounts of our Group which will be supervised by the bank and shall be applied towards the ongoing project construction (subject however to the relevant statutory requirements in relation to pre-sale proceeds) and, after deducting therefrom all the development costs and expenses of the Times Square Residential Portion not reimbursed but incurred before the Cooperation Agreement becomes effective by or on behalf of our Group but not previously reimbursed to Yuyao Zhong'an Property, and other amounts owed by Yuyao Zhong'an Property to us under the Cooperation Agreement, the net sales proceeds of the Times Square Residential Portion shall be paid to Yuyao Zhong'an Property;

(vi) we, in our capacity as the owner, will provide guarantees in favour of banks in respect of the mortgage loans of the pre-sale purchasers of the Times Square Residential Portion. Yuyao Zhong'an Property will indemnify us in full all the claims, liabilities, costs, expenses and/or losses that may be suffered by us arising from such guarantee arrangement; and

(vii) the Cooperation Agreement shall be terminated upon completion of sales, transfer and delivery of the entire Times Square Residential Portion to the purchasers thereof or, as the case may be, Yuyao Zhong'an Property. If any apartment under the Times Square Residential Portion remains unsold as of June 30, 2016, we undertake to transfer the unsold apartments on such date to Yuyao Zhong'an Property at book cost, which will be reimbursed and paid out of the gross sales proceeds of the other sold apartments. The net sales proceeds under the Cooperation Agreement will be paid by us to Yuyao Zhong'an Property on June 30, 2016.

Based on the above terms and the arrangement under the Cooperation Agreement, our Group is merely acting as an agent for the Remaining Zhong An Group in respect of sales of the Times Square Residential Portion.

As the net sales proceeds under the Cooperation Agreement will be payable by us to Yuyao Zhong'an Property on June 30, 2016, our Directors anticipate that the amount payable by us to Yuyao Zhong'an Property under the Cooperation Agreement will be nil, nil and not more than RMB104.0 million for the years ending December 31, 2014, 2015 and 2016, respectively. Such annual caps represent the estimated net sales proceeds from the Times Square Residential Portion to be payable by us to Yuyao Zhong'an Property pursuant to the Cooperation Agreement. Our Directors estimated the above annual caps based on (a) the development costs and expenses of the Times Square Residential Portion incurred before the date of the Cooperation Agreement; (b) Yuyao Zhong'an Property's budget for the ongoing development of the Times Square Residential Portion, and our Group's experience on the costs, expenses and taxes in connection with the development and sales of similar residential properties development; (c) the estimated selling price of the residential properties under the Times Square Residential Portion currently offered to pre-sale purchasers; (d) the estimated timetable for the pre-sale, sales and delivery of the Times Square Residential Portion; and (e) the agreed schedule for payment of the net sales proceeds of the Times Square Residential Portion to Yuyao Zhong'an Property.

Waiver Sought

Based on the annual caps for the transactions under Cooperation Agreement as mentioned above, it is expected that the percentage ratios (other than the profit ratio) for the Cooperation Agreement, where applicable, calculated by reference to Rule 14.07 of the Listing Rules, will be less than 5% on annual basis. Accordingly, the Cooperation Agreement is subject to the reporting, announcement and annual review requirements but is exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the applicable announcement requirements under Chapter 14A of the Listing Rules in relation to the transactions contemplated under the Cooperation Agreement:

- the arrangements under the Cooperation Agreement are part of the Reorganization in order to achieve clear business delineation between our Group and the Remaining Zhong An Group upon Listing by allocating the responsibilities and rewards of the continuing development and sales of the Times Square Residential Portion to the Remaining Zhong An Group.

- given that the Cooperation Agreement was entered into prior to the Listing Date and has been disclosed in this prospectus, and potential investors of our Company will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement requirements in respect thereof immediately after the Listing would be unduly burdensome and add unnecessary administrative time and costs for our Company.

Compliance with applicable rules set out in Chapter 14A of the Listing Rules

Our Company will comply with the applicable requirements under the Listing Rules in respect of the transactions under the Cooperation Agreement. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as of the date of this prospectus relating to the transactions, our Company will take immediate steps to ensure compliance with such requirements within a reasonable period.

Confirmation from the Directors

Our Directors (including independent non-executive Directors) consider that the continuing connected transactions contemplated under the Cooperation Agreement have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and the terms of the Cooperation Agreement and the relevant annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that the continuing connected transactions contemplated under the Cooperation Agreement have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and the terms of the Cooperation Agreement and the relevant annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

Our Board is responsible for and has general powers for the management and the conduct of our business. The table below lists the current members of our Board and sets out certain information in respect of members of our Board.

Name	Age	Position	Date of appointment as a Director	Date of joining Zhong An Group (if applicable)	Responsibilities in our Group
Ms. Jin Ni (金妮)	39	Executive Director, vice chairlady of our Board and president of our Group	September 30, 2013	December 1997	Overall strategic development, and leading the business development of our Group
Mr. Li Chu (李礎)	39	Executive Director and vice president of our Group	September 30, 2013	January 2010	Overall hotel operations and management of our Group
Ms. Tang Yiyan (唐怡燕)	43	Executive Director and vice president of our Group	September 30, 2013	September 2007	Overall property management of our Group
Mr. Shi Kancheng (施侃成) (alias Shi Zhongan (施中安))	51	Non-executive Director and chairman of our Board	July 2, 2013 *(Note)*	December 1997	Overall strategic development, and leading the Board to ensure that it will perform its roles and carry out its responsibilities
Mr. Ng Sze Yuen, Terry (吳士元)	54	Independent non-executive Director and vice chairman of our Board	May 31, 2014	Not applicable	Overall strategic development, and leading the business development of our Group, supervising and providing independent judgment to the Board, the audit committee and corporate governance committee

Name	Age	Position	Date of appointment as a Director	Date of joining Zhong An Group (if applicable)	Responsibilities in our Group
Mr. Xu Chengfa (須成發)	61	Independent non-executive Director	May 31, 2014	Not applicable	Supervising and providing independent judgment to the Board, the audit committee, the remuneration committee and the nomination committee
Mr. Yim Chun Leung (嚴振亮)	52	Independent non-executive Director	May 31, 2014	Not applicable	Supervising and providing independent judgment to the Board, the audit committee, the remuneration committee, the nomination committee and corporate governance committee

Note: Mr. Shi was appointed as our Director on July 2, 2013 and re-designated as our non-executive Director on September 30, 2013.

SENIOR MANAGEMENT

The following table lists the current members of our senior management (other than our Directors) who are primarily responsible for the operation and management of our Group:

Name	Age	Position	Date of first becoming a senior management of our Group/Date of joining Zhong An Group (if applicable)	Responsibilities in our Group
Ms. Chen Jing (陳靜)	31	General director of human resources department of our Group	May 31, 2014/ August 2000	Supervising the human resources department of our Group
Mr. Shi Yong (史勇)	47	General director of planning department of our Group	May 31, 2014/ May 2010	Overseeing the design and planning of our commercial property projects of our Group
Mr. Yuan Kejian (袁可健)	38	Vice president of our Group	May 31, 2014/ January 2013	Overseeing merchandising and operations of our Group
Mr. Zhang Jianmin (章建民)	51	Vice president of our Group	May 31, 2014/ March 2004	Overseeing the financial management of our Group

DIRECTORS

Executive Directors

Ms. Jin Ni（金妮）, aged 39
Executive Director, vice chairlady of our Board and president of our Group

Ms. Jin is the executive Director, vice chairlady of our Board and president of our Group, and is responsible for overall strategic development, and leading the business development of our Group. She was appointed as an executive Director on September 30, 2013. Ms. Jin has over 16 years of experience in sales, and operation and management of commercial projects. Ms. Jin resigned from her position as the vice president of the Zhong An in May 2014 and ceased to have any directorial and/or executive roles in the Remaining Zhong An Group. She joined the Zhong An Group in December 1997. She has been the general manager of Zhongan Commercial Investment since August 2011 and Yuyao Times Square Management since December 2011 and is mainly responsible for managing commercial operations and our development project in Yuyao city. She was the vice president of Zhong An from July 2011 to May 2014, the assistant of president of Zhong An from January 2010 to November 2010, the general manager of Highlong Commercial Buildings from March 2006 to January 2010, the deputy general manager from March 2006 to October 2010 and office manager and deputy sales manager from August 1999 to March 2006 of Zhejiang Zhong An. Ms. Jin obtained a bachelor degree in administrative management from the Zhejiang University of Technology（浙江工業大學）in July 2003 and obtained a diploma in financial accounting from the Oriental Institute of the Zhejiang University*（浙江大學東方學院）(currently known as Oriental Institute of Finance and Economics*（浙江財經大學東方學院）) in July 1997. She is also a director of certain subsidiaries of our Group.

Mr. Li Chu（李礎）, aged 39
Executive Director and vice president of our Group

Mr. Li is the executive Director and vice president of our Group, and is responsible for overall hotel operations and management of our Group. He was appointed as an executive Director on September 30, 2013. He has over 15 years of experience in hotel management and operations. Mr. Li joined Zhong An Group in January 2010. He has been the vice general manager of Zhongan Commercial Investment since January 2010 and is responsible for managing hotel operations and hotel projects. Prior to joining the Zhong An Group, he also acquired hotel management and operations experiences, having held various positions including general manager, vice general manager and general director of New Century Hotels and Resorts（開元酒店集團）during August 1998 to December 2009. Mr. Li is a certified hospitality supervisor conferred by the Educational Institute of the American Hotel & Lodging Association in October 2005. Mr. Li obtained a bachelor in business management from the Sichuan Agricultural University（四川農業大學）in February 2006, an online course. He obtained a diploma in English from the Hubei Radio & TV University（湖北廣播電視大學）in July 1999, a long distance learning course. He is also a director of certain subsidiaries of our Group.

Ms. Tang Yiyan (唐怡燕), aged 43
Executive Director and vice president of our Group

Ms. Tang is the executive Director and vice president of our Group, and is responsible for overall property management of our Group. She was appointed as an executive Director on September 30, 2013. Ms. Tang has over 12 years of experience in operations and management. She joined the Zhong An Group in September 2007. Ms. Tang has been the general director of Zhongan Commercial Investment and vice general manager of Highlong Commercial Buildings since May 2012. She was the general manager assistant of Highlong Commercial Buildings from June 2010 to May 2012, properties division manager of Highlong Commercial Buildings from September 2007 to June 2010, and was mainly responsible for overseeing properties management. Prior to joining the Zhong An Group, she also acquired business operations experiences, by having held various positions including assistant to general manager of Jiaqing Jiahe Beijing City Shopping Center Company Limited (嘉興嘉禾北京城購物廣場有限公司) from February 2005 to September 2007, manager of sales department, project supervisor, deputy general manager and vice general manager in general affairs of Zhejiang Lai Yin Da Commercial Development Company Ltd. (浙江萊茵達商業發展有限公司) during July 2001 to February 2005. Ms. Tang obtained a diploma in economics and management from the Zhejiang Province Mechanic and Politics University (浙江省職工政治大學) (currently known as Zhejiang University of Economics and Management (浙江經濟管理大學)), in July 1994.

Non-executive Director

Mr. Shi Kancheng (施侃成) (alias Shi Zhongan (施中安)), aged 51
Non-executive Director and chairman of our Board

Mr. Shi is the founder of the Zhong An Group and the non-executive Director and chairman of our Board. He was appointed as a Director on July 2, 2013 and re-designated as non-executive Director on September 30, 2013. He is responsible for assisting the Board in the strategic planning of our Group, leading the Board to ensure that it will perform its roles and carry out its responsibilities effectively, and ensuring proper corporate governance practices and procedures are implemented within our Group. However, he will not participate in the day-to-day management of our business operations after the Listing.

Mr. Shi has over 20 years of experience in property development and property investment. Mr. Shi joined the Zhong An Group since the establishment of the first member of the Zhong An Group, Zhejiang Zhong An, in December 1997. Mr. Shi is currently the executive director, chairman and the chief executive officer of Zhong An. Mr. Shi served as an tax officer in the finance and revenue bureau of Xiaoshan district of Hangzhou (formerly known as Xiaoshan City) from September 1985 to December 1997.

Mr. Shi completed an Executive Master of Business Administration Program (Finance Track) organized by the Shanghai National Accounting Institute and obtained a CFO Qualifying Training Certificate in June 2007, a program for executive officers, focusing on globalization and real estate developers, organized by the Foreign Academic Cultural Exchange Center of Tsinghua University (清華大學對外學術文化交流中心) in October 2006 and a program for presidents of real estate companies organized by Zhejiang University in July 2006. Mr. Shi is a director of certain subsidiaries of the Remaining Zhong An Group and our Group.

Independent non-executive Directors

Mr. Ng Sze Yuen, Terry (吳士元), aged 54
Independent non-executive Director and vice chairman of our Board

Mr. Ng is the independent non-executive Director and vice chairman of our Board. He was appointed as an independent non-executive Director on May 31, 2014. He has over 25 years of experience in operations and management. Since January 2012, Mr. Ng has been the founding member and a director of Terry Ng & Associates Limited in which he manages his own investment portfolio including real estate, equity market and private equity. Prior to joining the Group, Mr. Ng was an executive director of Hang Lung Group Limited (stock code: 010) and Hang Lung Properties Limited (stock code: 101), companies which shares are listed on the Main Board of the Stock Exchange, respectively, from November 2001 to July 2010 and was mainly responsible for such groups' strategic and corporate planning, financial investments, and relations with the investment community. Hang Lung Group Limited and Hang Lung Properties Limited which are companies principally engaged in property development for sale and leasing and property management with portfolio comprising of, among others, development of commercial and office property in Hong Kong and in the PRC. He was appointed as an executive director of Giordano International Limited (stock code: 709), a company which shares are listed on the Main Board of the Stock Exchange, from July 1996 to October 2001. Mr. Ng has over eight years of work experience with Giordano International Limited and its affiliated companies, having also held other various positions including senior vice president of international business during September 1999 to October 2001 and assistant director of business development during September 1993 to June 1996. He worked at the Stock Exchange from June 1988 to August 1993 and held various positions including senior manager of listing division, department head of finance division and manager of finance division. Mr. Ng is a fellow member of CPA Australia. He obtained a master's degree in business administration from Asia International Open University (Macau) (currently known as City University of Macau) in November 1995 and a bachelor degree in commerce majoring in accounting and finance systems from the University of New South Wales in April 1985.

Mr. Ng was the director of the following companies which were incorporated in Hong Kong and were deregistered based on its own application pursuant to section 291AA (Application to Registrar for deregistration of defunct private company) of the Predecessor CO and the relevant details are as follows:

Company Name	Nature of Business	Date of Deregistration
AP Treasury Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	10 October 2003

Company Name	Nature of Business	Date of Deregistration
Chat Room Cafe Limited	Never commenced business or operation	11 October 2002
Chat Room Group Limited	Never commenced business or operation	11 October 2002
Fairwick Limited (科偉有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	10 December 2004
Garden Terrace (Blocks 2 & 3) Management Company Limited (花園臺(2, 3座)管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	10 October 2003
Grand Hotel Treasury Limited (格蘭酒店集團融資有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	21 October 2005
Grand Suite Tower Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	9 November 2007
Hang Chun Company Limited (恒增有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	21 October 2005
Hang May Enterprises Limited (恒美企業有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	14 November 2003
Hang Way Finance Company, Limited (恒滙財務有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002

Company Name	Nature of Business	Date of Deregistration
Hanley Villa Management Limited (恒麗園管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	15 November 2002
Hanson Mortgage Limited (恒城財務有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	20 March 2009
Hantak Group Limited (恒德創展集團有限公司)	Never commenced business or operation	10 October 2003
Hantak Holdings Limited (恒德控股有限公司)	Never commenced business or operation	10 October 2003
Hantak International Limited (恒德控股國際有限公司)	Never commenced business or operation	10 October 2003
Hantak Investment Limited (恒德策略投資有限公司)	Never commenced business or operation	10 October 2003
Hantak Realty Limited (恒德地產有限公司)	Never commenced business or operation	10 October 2003
Hantak Technologies Limited (恒德科訊發展有限公司)	Never commenced business or operation	10 October 2003
HL Mortgage (AC) Limited (恒隆按揭(旺角中心)有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	15 November 2002
HL Mortgage (GT) Limited (恒隆按揭(花園臺)有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	14 December 2007
HL Mortgage (HV) Limited ((恒隆按揭(恒麗)有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002

Company Name	Nature of Business	Date of Deregistration
HLP International Finance Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business	21 October 2005
Hoi Full Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business	21 October 2005
Luen Cheong Can Centre Management Limited (聯昌中心管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Merrysun Limited (敏新有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	23 February 2007
New Haven Management Limited (名逸居管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	9 November 2007
Nine Wing Hong Street Management Limited (永康街九號管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	20 September 2002
Noble Place Management Limited (景峰豪庭管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	10 October 2003
Parc Versailles Management Company Limited (帝欣苑管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002

Company Name	Nature of Business	Date of Deregistration
Parkawan Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Quemana Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Rosper Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	10 December 2004
Selandia Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	8 November 2002

Mr. Xu Chengfa (須成發), aged 61
Independent non-executive Director

Mr. Xu is the independent non-executive Director. He was appointed as an independent non-executive Director on May 31, 2014. Mr. Xu has over 20 years of experience in banking operations and management. He worked in the Bank of Communications Co., Ltd. (stock code: 3328), a company which shares are listed on the Main Board of the Stock Exchange, during September 1988 to September 2013 and held various positions including senior manager of investment banking department, senior manager of corporate services department, assistant general manager, deputy general manager, deputy chief executive officer and consultant.

Mr. Yim Chun Leung (嚴振亮), aged 52
Independent non-executive Director

Mr. Yim is the independent non-executive Director. He was appointed as an independent non-executive Director on May 31, 2014. Mr. Yim has over 28 years of experience in auditing, accounting and finance fields. Mr. Yim is the independent non-executive Director who has the qualifications and experience (as mentioned above) to meet the requirements under Rule 3.10(2) of the Listing Rules.

He has been an independent non-executive director of a private company which is principally engaged in manufacturing and sales of medicine since September 2008 and an executive director of New Heritage Holdings Ltd. (stock code: 95), a company which shares are listed on the Main Board of the Stock Exchange, since December 2005. New Heritage Holdings Ltd. is a holding company of a group which is principally engaged in property development and property investment in the PRC with portfolio comprising of, among others, investment in commercial complex property and development in office property in the PRC. Mr. Yim also held other major positions or directorships in listed public companies in Hong Kong which included independent non-executive director of ERA Mining Machinery Limited (stock code: 8043), a company which shares had been listed on the Growth Enterprise Market of the Stock Exchange until its shares was withdrawn with effect from October 2012, from September 2004 to August 2007, financial controller of Soundwill Holdings Limited (stock code: 878), a company which shares are listed on the Main Board of the Stock Exchange, from May 2002 to June 2004, chief financial officer of Sinolink Worldwide Holdings Limited (stock code: 1168), a company which shares are listed on the Main Board of the Stock Exchange, from December 2000 to February 2002, executive director of N P H International Holdings Limited (currently known as China WindPower Group Limited) (stock code: 182), a company which shares are listed on the Main Board of the Stock Exchange, from January 1998 to April 1999 and finance director of Tysan Holdings Limited (stock code: 687), a company which shares are listed on the Main Board of the Stock Exchange, from January 1994 to January 1998.

Mr. Yim is a non-practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He obtained a master's degree in business administration from the University of Manchester in June 2008, a long distance learning course.

Mr. Yim was the director of Global Link Capital Limited（寰領融資有限公司）(“Global Link”), a private company incorporated in Hong Kong. Global Link was dissolved on June 17, 2005 by deregistration based on its own application pursuant to section 291AA of the Predecessor CO. Prior to being dissolved by deregistration, Global Link had ceased to carry on business or operation for more than three months immediately before application for deregistration or had never commenced business or operation.

General

Save as disclosed in this prospectus, none of our Directors:

(i) held other positions in our Group as of the Latest Practicable Date;

(ii) had any other relationship with any Directors, senior management or substantial Shareholder or controlling Shareholder of our Company as of the Latest Practicable Date; and

(iii) held any other directorships in listed public companies in the last three years prior to the Latest Practicable Date.

As of the Latest Practicable Date, save for the interests of Mr. Shi, Ms. Jin Ni, Mr. Li Chu and Ms. Tang Yiyan in the shares or underlying shares of our Company and our associated corporations which are disclosed in the section headed “Further information about Directors and Shareholders – 13(d) Interests and short positions of our Directors in the shares, underlying shares or debenture of our Company and our associated corporations following the Global Offering" in this prospectus, each of our Directors did not have any interest in the shares or underlying shares of our Company and our associated corporations within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Ms. Chen Jing (陳靜), aged 31
General director of human resources department of our Group

Ms. Chen is the general director of human resources department of our Group. She had been vice general director of human resources department of Zhong'an Service Holding Co., Ltd (眾安服務控股集團有限公司) from February 2012 to December 2012, vice manager of remuneration team of the human resources department of Zhejiang Zhong An from December 2008 to February 2012. Ms. Chen also held various positions including general department commissioner, supervisor and assistant manager responsible for human resources administration of Zhejiang Zhong An from August 2000 to February 2012. Ms. Chen obtained a bachelor degree in administrative management from the Central Radio and Television University (中央廣播電視大學) in January 2011 and a diploma in economic management from the Huazhong University of Science and Technology (華中科技大學) in June 2005, an online course.

Mr. Shi Yong (史勇), aged 47
General director of planning department of our Group

Mr. Shi is the general director of planning department of our Group. Mr. Shi joined Zhong An in May 2010. He has been the head of planning department of Zhongan Commercial Investment, a subsidiary of our Group, since May 2012. Mr. Shi had been the general designer of research and development center from May 2010 to May 2012. Prior to joining the Zhong An Group, he had been program director, project leader and chief architect of Hangzhou Tianyuan Architecture Design Co. Ltd. (杭州天元建築設計院) during February 2001 to February 2010, project leader and chief architect of Zhegong Da Institute of Architectural Design (浙工大建築設計研究院) during August 1999 to January 2001. Mr. Shi obtained a diploma in construction from the Zhejiang Radio and Television University (浙江廣播電視大學) in July 1991, a long distance learning course.

Mr. Yuan Kejian (袁可健), aged 38
Vice president of our Group

Mr. Yuan is the vice president of our Group and is responsible in overseeing merchandising and operations. Mr. Yuan joined the Zhong An Group in January 2013. Mr. Yuan has been the vice general manager of Zhongan Commercial Investment and general manager of Yuyao Times Square Management since January 2013 and is mainly responsible for merchandising, operations and management. Prior to joining the Zhong An Group, he held various positions including general manager of the Ningbo development project company, Cixi development project from June 2009 to December 2012. He had also been the merchandising operations general director of Ningbo Fubon Century Commercial Plaza Development Co., Ltd (寧波富邦世紀商業廣場開發有限公司) (formerly known as Ningbo Hua Chen Junlin Real Estate Development Management Ltd. (寧波華辰君臨房地產開發管理有限公

司)) from January 2008 to June 2009, merchandising operations manager of Ningbo Wanda Plaza Commercial Management Ltd.（寧波萬達廣場商業管理有限公司）from April 2006 to December 2007, merchandising manager of Ningbo City Plaza Development and Operation Co. Ltd.（寧波城市廣場開發經營有限公司）from April 2003 to April 2006. He was a floor manager of Ningbo Xinhualian Commercial Building（寧波新華聯商廈）from June 2001 to November 2001. He was a salesperson and floor manager of Hualian Baihuo Ningbo Haishu Co., Ltd（銀泰百貨寧波海曙有限公司）(formerly known as Ningbo Hualian Group Co., Ltd（寧波華聯集團股份有限公司)) from August 1994 to April 2001. Mr. Yuan obtained a diploma in financial accounting from the Ningbo Radio and TV University（寧波廣播電視大學）in July 1998, a long distance learning course.

Mr. Zhang Jianmin（章建民）, aged 51
Vice president of our Group

Mr. Zhang is the vice president of our Group and is responsible for financial management. He joined the Zhong An Group in March 2004. He had been the financial manager of Hangzhou Anyuan Property Development Co., Ltd（杭州安源房地產開發有限公司）since November 2011 and had been the accountant of Zhejiang Zhong An from March 2004 to November 2011. Prior to joining the Zhong An Group, he had been an auditor of Hangzhou Dadi Tax Agency（杭州大地稅務師事務所）from April 2003 to March 2004, main accountant of Zhejiang Chuanhua Jiangnan Dadi Development Company（浙江傳化江南大地發展有限公司）and Hangzhou Chuanhua Biotechnology Company（杭州傳化生物技術有限公司）from September 2000 to March 2003. He is a qualified accountant conferred by the Ministry of Finance of the PRC in October 1994. Mr. Zhang obtained a diploma in accounting from Zhejiang Institute of Finance（浙江財經學院）(currently known as Zhejiang University of Finance and Economics（浙江財經大學)) in June 1991.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and senior management members that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as of the Latest Practicable Date.

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Cheng Shing Hay（鄭承熙）, aged 35
Chief financial officer and company secretary

Mr. Cheng, is the chief financial officer and company secretary of our Company. He was appointed as our chief financial officer and company secretary on January 13, 2014. Mr. Cheng is responsible for overseeing the Group's financial and company secretarial functions. He has over 10 years of experience in finance, accounting and auditing field. Prior to joining our Group, Mr. Cheng was the financial controller and later the joint chief financial officer of Xiangyu Dredging Holdings Limited (stock code: 871), a company which shares are listed on the Main Board of the Stock Exchange, from December 2012 to November 2013, and chief financial officer of a PRC based internet company from October 2011 to November 2012. Prior to that, between September 2001 and October 2011, Mr. Cheng had worked in various positions of the audit department in Deloitte Touche Tohmatsu and Grant Thornton. Mr. Cheng is a non-practicing member of the Hong Kong Institute of Certified Public Accountants and chartered accountant of the Institute of Chartered Accountants of New Zealand. He obtained a graduate diploma in commerce from the University of Auckland in May 2001 and a bachelor degree in commerce from the University of Auckland in May 2000.

COMPENSATION

The aggregate amounts of remuneration of our Directors for the years ended December 31, 2011, 2012 and 2013 were approximately RMB3.1 million, RMB2.6 million and RMB3.7 million, respectively. Details of the arrangement for remuneration are set out in Note 8 to the Accountants' Report in Appendix I to this prospectus. Under such arrangement and pursuant to our Directors' service agreements and letters of appointment referred to in the section headed "Further information about Directors and Shareholders – 13. Directors" in Appendix V to this prospectus, the aggregate amount of directors' fee and other emoluments payable to our Directors for the year ending December 31, 2014 is estimated to be about RMB4.4 million, excluding any discretionary bonuses.

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management.

After Listing, our Remuneration Committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Director' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to notes 8 and 9 to our combined financial statements, included in the Accountants Report set out in Appendix I to this prospectus.

BOARD COMMITTEES

The audit committee, remuneration committee, nomination committee and the corporate governance committee of the Company were approved to be established by resolutions passed by our Board on May 31, 2014. The membership of such committee are as follows:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Executive Directors				
Ms. Jin Ni	Not applicable	Not applicable	Member	Chairlady
Mr. Li Chu	Not applicable	Not applicable	Not applicable	Not applicable
Ms. Tang Yiyan	Not applicable	Member	Not applicable	Not applicable
Non-executive Director				
Mr. Shi Kancheng	Not applicable	Not applicable	Not applicable	Not applicable
Independent non-executive Directors				
Mr. Ng Sze Yuen, Terry	Chairman	Not applicable	Not applicable	Member
Mr. Xu Chengfa	Member	Chairman	Chairman	Not applicable
Mr. Yim Chun Leung	Member	Member	Member	Member

Each of the above committees has written terms of reference. The functions of the above four committees are summarized as follows:

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Code C.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of our audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and material and provide advice in respect of financial reporting and oversee the internal control procedures of our Company.

Remuneration committee

Our Company established a remuneration committee with written terms of reference in compliance with Code B.1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary functions of our remuneration committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration.

Nomination committee

Our Company established a nomination committee with written terms of reference in compliance with Code A.5 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary functions of our nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and to review the board diversity policy adopted by our Board.

Corporate Governance Committee

Our Company established a corporate governance committee with written terms of reference in compliance with Code D.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary functions of our corporate governance committee are to develop and review our policies and practices on corporate governance and make recommendations to our Board.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in management and internal control procedures so as to achieve effective accountability.

In accordance with the requirements of the Listing Rules, our Company has established the audit committee. Our Company has adopted a system of corporate governance. We will comply with the Code on Corporate Governance in Appendix 14 to the Listing Rules upon Listing.

Our Company is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors, the number of which should make up at least one-third of our Board) so that there is a strong independent element on our Board, which can effectively exercise independent judgment. Our Company is also committed to the view that the independent non-executive Directors should be of sufficient calibre and number for their views to carry weight. Our independent non-executive Directors are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment.

COMPLIANCE ADVISER

We have appointed Quam Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of appointment our compliance adviser shall commence on the Listing Date and end on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

Total authorized and issued share capital of our Company

Authorized share capital:		*HK$*
5,000,000,000	Shares of HK$0.10 each	500,000,000

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue will be as follows:

Issued and to be issued, fully paid or credited as fully paid		
3,000,000	Shares in issue at the date of this prospectus	300,000
1,267,000,000	Shares to be issued pursuant to the Capitalization Issue	126,700,000
468,000,000	Shares to be issued pursuant to the Global Offering (excluding any Shares with may be issued under the Over-allotment Option)	46,800,000
1,738,000,000	Shares	173,800,000

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue will be as follows:

Issued and to be issued, fully paid or credited as fully paid		
3,000,000	Shares in issue at the date of this prospectus	300,000
1,267,000,000	Shares to be issued pursuant to the Capitalization Issue	126,700,000
468,000,000	Shares to be issued pursuant to the Global Offering	46,800,000
70,200,000	Shares to be issued if the Over-allotment Option is exercised in full	7,020,000
1,808,200,000	Shares	180,820,000

Assumptions

This table assumes the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be allotted and issued under the Over-allotment Option or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Ranking

The Offer Shares and the Shares that may be issued pursuant to the Over-allotment Option rank pari passu with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for the Capitalization Issue.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue, excluding the Shares which may be issued pursuant to the Over-allotment Option, immediately following completion of the Global Offering and the Capitalization Issue; and

(b) the aggregate nominal value of share capital of our Company repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The aggregate nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association, or under the Global Offering or the Capitalization Issue or upon the exercise of the Over-allotment Option.

This mandate will expire at the earliest of:

- the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company is required by law or its Articles of Association to hold its next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to "Further Information about our Company and our subsidiaries – 3. Resolutions in writing of our sole Shareholder passed on May 31, 2014" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may to be issued pursuant to the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock

Exchange to be included in this prospectus regarding the repurchase of Shares is set out in "Further Information about our Company and our subsidiaries – 7. Repurchase by our Company of our own securities" in Appendix V to this prospectus.

This mandate will expire at the earliest of:

- the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company is required by law or its Articles of Association to hold its next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate are set out in "Further Information about our Company and our subsidiaries – 3. Resolutions in writing of our sole Shareholder passed on May 31, 2014" in Appendix V to this prospectus.

PERSONS HAVING NOTIFIABLE INTERESTS UNDER THE SFO

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (assuming that all Qualifying Zhong An Shareholders will take up their respective Assured Entitlement under the Preferential Offering in full, and without taking into account of any other Shares which may be taken up under the Global Offering and without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option), the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	**Nature of interest**	**Number of Shares held**	**Approximate shareholding percentage** *(%)*
Ideal World	Beneficial owner	1,270,000,000 (L)	73.1%
Zhong An	Interest in controlled corporation *(Note 2)*	1,270,000,000 (L)	73.1%
Whole Good	Interest in controlled corporation *(Note 2)*	1,270,000,000 (L)	73.1%
	Beneficial owner *(Note 3)*	32,575,000 (L)	1.9%
Mr. Shi	Interest in controlled corporation *(Notes 2 and 3)*	1,302,575,000 (L)	75.0%

Notes:

(1) The letter "L" denote a person's long position in such Shares.

(2) 1,270,000,000 Shares will be held by Ideal World, a wholly-owned subsidiary of Zhong An, the entire issued shares of which are owned as to approximately 68.8% by Whole Good, which is wholly owned by Mr. Shi. By virtue of the SFO, each of Zhong An, Whole Good and Mr. Shi is taken to be interested in the Shares in which Ideal World is interested.

(3) Assuming that Whole Good, being one of the Qualifying Zhong An Shareholders, will take up its Assumed Entitlement under the Preferential Offering in full, 32,575,000 Shares are expected to be held by Whole Good, which is wholly owned by Mr. Shi. By virtue of the SFO, Mr. Shi is taken to be interested in the Shares in which Whole Good is interested.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering and the Capitalization Issue (assuming that all Qualifying Zhong An Shareholders will take up their respective Assured

Entitlement under the Preferential Offering in full, and without taking into account of any Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

THE CORNERSTONE PLACING

We have entered into a cornerstone investor agreement with Bondic International Holdings Limited ("**Bondic International**") who has agreed to subscribe, for such number of our Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$20,000,000 (or approximately HK$155,048,000).

Assuming the Offer Price of HK$2.12, being the low-end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Bondic International would subscribe for would be 73,135,000 Shares, representing approximately 15.63% of our Offer Shares, or approximately 4.21% of our issued Shares immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised).

Assuming the Offer Price of HK$2.52, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Bondic International would subscribe for would be 61,526,000 Shares, representing approximately 13.15% of our Offer Shares, or approximately 3.54% of our issued Shares immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised).

Assuming the Offer Price of HK$2.92, being the high-end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Bondic International would subscribe for would be 53,098,000 Shares, representing approximately 11.35% of our Offer Shares, or approximately 3.06% of our issued Shares immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised).

OUR CORNERSTONE INVESTOR

Bondic International is a company incorporated with limited liability in the BVI and is wholly and beneficially owned by Mr. Cheung Chung Kiu ("**Mr. Cheung**"). Mr. Cheung is the founder and chairman of Yugang International Limited and chairman of C C Land Holdings Limited, Y.T. Realty Group Limited and The Cross-Harbour (Holdings) Limited. All of these companies are publicly listed on the Stock Exchange. Bondic International is an investment holding company.

To the best knowledge of our Company, Bondic International is an Independent Third Party, not our connected person and not an existing shareholder of our Company. Details of the actual number of Offer Shares to be allocated to Bondic International will be disclosed in the allocation results announcement to be issued by our Company on or around June 26, 2014.

Bondic International will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by Bondic International will rank pari passu with our Shares in issue and to be issued as mentioned in this prospectus and will be counted towards the public float of our Company. Bondic International will not have any representation on the Board or be a substantial Shareholder of our Company and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investor agreement referred to above. The Offer Shares to be subscribed for Bondic International will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in "Structure of the Global Offering– The Hong Kong Public Offering".

CONDITIONS PRECEDENT

The subscription obligation of Bondic International is subject to, among other things, the following conditions precedent:

a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) by no later than the time and date as specified in those underwriting agreements or as subsequently waived or waived by agreement of the parties thereto;

b) no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated in the cornerstone investor agreement in accordance with the terms therein, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;

c) the Offer Price having been agreed by the Sole Global Coordinator (on behalf of the Underwriters) and us in connection with the Global Offering;

d) the representations, warranties, undertakings and confirmations of Bondic International under the cornerstone investor agreement being accurate, true, complete and not misleading and that there being no material breach of the cornerstone investor agreement on the part of Bondic International;

e) neither the Hong Kong Underwriting Agreement and International Underwriting Agreement having been terminated in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto in writing; and

f) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and such approval or permission not having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange.

RESTRICTIONS ON DISPOSAL OF SHARES BY BONDIC INTERNATIONAL

Bondic International has undertaken and agreed that without the prior written consent of our Company and the Sole Global Coordinator, it shall not, whether directly or indirectly, at any time during the period of 6 months following the Listing Date (the "**Lock-up**

Period") (i) dispose of any of the Shares they have purchased pursuant to the cornerstone investor agreement and any Shares or other securities of our Company which are derived therefrom pursuant to any rights issue; capitalization issue or other form of capital reorganization of our Company (the "**Relevant Shares**") or any interest in any company or entity holding (directly or indirectly) any of the Relevant Shares; (ii) enter into any transactions, directly or indirectly, with the same economic effect as any such transaction described in (i) above; or (iii) agree or contract to, or publicly announce any intention to enter into any such transaction described in (i) and (ii) above, provided that the restrictions shall not apply to a transfer all or part of the Relevant Shares to any wholly-owned subsidiaries of Bondic International subject to, among other things, by giving a written undertaking (in favour of our Company and Sole Global Coordinator) to procure that such wholly-owned subsidiary will, abide by the terms and conditions of the cornerstone investor agreement. After the Lock-up Period, Bondic International can dispose of any of the Relevant Shares but it shall not knowingly dispose of any Relevant Shares to create a disorderly or false market of the Shares on the Stock Exchange and will be in compliance with all applicable laws and regulations and rules of securities exchange of all competent jurisdictions including the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the SFO.

You should read the following discussion of our results of operations and financial condition in conjunction with our combined financial statements as of and for each of the years ended December 31, 2011, 2012 and 2013, including the notes thereto, as set forth in the Accountants' Report in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with IFRS. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region. Our business comprised three main areas: (i) sale of properties; (ii) property leasing and property management; and (iii) hotel operation. In the future, we will also expand into the business of land development in different towns and counties in the PRC, which includes, among other things, master site planning, expropriation of land, demolition and resettlement, public facilities and amenities construction (such as roads and pipe network connections), by entering into cooperation agreements with local government authorities in the PRC. Since the commencement of commercial property development in 1996 in Hangzhou, we have expanded to a total of 20 projects and units in two completed buildings in Jiangsu province, Shanghai, Anhui Province and Zhejiang province as of April 30, 2014, the majority of which are located in the Yangtze-River Delta Region. For the years ended December 31, 2011, 2012 and 2013, our revenue was RMB197.8 million, RMB164.3 million and RMB875.8 million, respectively. Our profit for the years ended December 31, 2011, 2012 and 2013 was RMB250.7 million, RMB86.5 million and RMB395.8 million, respectively.

During the Track Record Period, our revenue was generated primarily from the sale of properties, property leasing and property management and hotel operations. Sale of properties was significantly affected by the development cycle of our properties. During the years ended December 2011, 2012 and 2013, sale of properties constituted 37.6%, 22.7% and 84.9%, respectively, of our revenue before business tax and surcharge, which was primarily attributable to the sales and delivery of properties and car parking spaces from the New White Horse Apartments project, White Horse Noble Mansion project and Hidden Dragon Bay project. Revenue from property leasing and property management represented 33.4%, 44.5% and 9.1% of our revenue before business tax and surcharge for the years ended December 31, 2011, 2012 and 2013, respectively, which was primarily attributable to the rental income from our Highlong Plaza project. Revenue from hotel operation represented 29.0%, 32.8% and 6.0% of our revenue before business tax and surcharge for the years ended December 31, 2011, 2012 and 2013, respectively, which was primarily attributable to the room rentals, food and beverage sales and the provision of other ancillary services in relation to the Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) in our Highlong Plaza project.

Due to the capital intensive nature of property development and the sales cycle of our property projects, we had net cash used in operating activities in the years ended December 31, 2011 and 2013, net cash generated from operating activities in the year ended December 31, 2012 and net current liabilities as of December 31, 2011, 2012 and 2013. Our net current liabilities positions during the Track Record Period were mainly due to the large amount of amounts due to related companies, interest-bearing bank and other borrowings and advances from customers and our negative operating cash flows during the Track Record Period were mainly due to the development of the Zhong An Times Square, Hidden Dragon Bay and International Office Center projects. Please refer to the section headed "Business – Our Property Projects – Project Description – Zhejiang Province" for details of the dates of the commencement and completion of these projects. During the Track Record Period, we financed our operations primarily from bank loans and other borrowings, our amounts due to related parties and our cash flow generated from our operations.

BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the section headed "History Reorganization and Corporate Structure" in this prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the Track Record Period. The companies now comprising the Group were under the common control of the Controlling Shareholder before and after the Reorganization. Accordingly, the financial statements have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period and as if the businesses relating to the sale of properties, property leasing and property management and hotel operations were transferred to the Group as of the earliest period presented.

For the purpose of the Accountants' Report in Appendix I to this prospectus, the related financial information of businesses and operations historically not associated with the businesses relating to the sale of properties, property leasing and property management and hotel operations of the Group has been excluded from the financial information throughout the Track Record Period as such businesses and operations are distinct and identifiable businesses, which operated autonomously and were retained by the Remaining Zhong An Group pursuant to the Reorganization.

The combined statements of profit and loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder where this is a shorter period. The combined statements of financial position of the Group as of December 31, 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the businesses relating to the sale of properties, property leasing and property management and hotel operations using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

During the Track Record Period, our results of operations have been most significantly affected by the following factors:

- development cycle of our properties;
- revenue and property mix;
- economic growth in the Yangtze River Delta Region and other areas in China;
- rental rates, room rates and occupancy trends;
- local and national real estate regulation;
- availability, suitability and cost of land;
- fluctuations in development costs;
- fair value of our investment properties; and
- access to and cost of financing.

Development cycle of our properties

Our results of operations, cash flows and statement of financial position are significantly affected by the development cycle of our properties. Revenue from the sale of our properties is recognized upon the delivery of units to purchasers while proceeds received from purchasers in relation to pre-sales are recognized as current liabilities. Accordingly, the timing of completion and delivery of properties to purchasers have a significant effect upon our results of operations. As a result of the completion of construction and the commencement of delivery of serviced apartment units to purchasers from our Hidden Dragon Bay project in April 2013, we generated revenue in the amount of RMB875.8 million in 2013 compared to RMB164.3 million in 2012.

In addition to the impact upon our results of operations, the development cycle of our properties also significantly affects our cash flows and statement of financial position. During the course of the development of our properties, we expend significant amounts of cash to, among other things, acquire property and pay contractors, thus resulting in net cash used in operating activities. Consequently, as a result of the expenditures required in relation to the development of our projects, we also incur significant borrowings which generate cash for us but result in increases in our interest-bearing bank and other borrowings.

Revenue and property mix

During the Track Record Period, our revenue was derived primarily from the sale of properties, property leasing and property management and hotel operation. In general, gross profit margins for our property leasing and property management and hotel operating income are higher than the gross profit margins from our sale of properties due largely to the land acquisition costs and construction costs recognized in cost of sales from our sale of properties. In contrast, cost of sales for our property leasing and property management income consist primarily of taxes while cost of sales for our hotel operating income consists primarily of food and beverage costs. Gross profit margins for our sale of properties, property leasing and property management and hotel operation ranged from 37.0% to 64.9%, from 77.8% to 85.5% and from 60.7% to 62.4% for the three years ended December 31, 2011, 2012 and 2013, respectively.

Gross profit margins from our sale of properties are also affected by our property mix. In 2013, our sale of properties consisted primarily of apartment-style properties from our Hidden Dragon Bay project, properties which generally have lower average selling prices than the retail properties from our White Horse Noble Mansion project from which the sale of properties in 2011 and 2012 were primarily generated. As a result, gross profit margins from our sale of properties were higher in 2011 and 2012 as compared to 2013.

Economic growth in the Yangtze River Delta Region and other areas in China

Economic growth, increasing urbanization and rising standards of living have been significant factors driving the growth of demand for properties in China, including for our properties. From 2008 to 2012, China's year-on-year real GDP growth per year averaged approximately 9.3% and Zhejiang Province's year-on-year growth per year averaged approximately 9.6%. During the Track Record Period, our business has benefitted, and we expect to continue to benefit, from the rapid economic growth in China, the accelerating urbanization process and the significant improvements in standards of living in the Yangtze River Delta Region. Such growth affects the selling prices we are able to achieve in relation to the sale of our properties, the rental rates we are able to charge in relation to our property leasing and the room rates and occupancy rates of our hotel operation. Overall economic conditions and demand for properties in China, and in particular the Yangtze River Delta region, where we currently have the majority of our operations, have had, and we expect will continue to have, a significant impact on our business, financial condition and results of operations.

Rental rates, room rates and occupancy trends

Rental rates and occupancy rates are key factors affecting the results of operations for our property leasing and hotel operations. Rental rates of our investment properties are affected by the supply of comparable properties along with the general market conditions and other macroeconomic conditions. Occupancy rates are significantly affected by the supply of and demand for comparable properties, rental rates of comparable properties and our ability to minimize the time gap between the expiration or termination of a lease and the commencement of a new lease. Room rates at the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）are influenced by room rates of our competitors, availability and supply of hotel rooms in our market, the quality of the services provided, hotel trends, seasonality and general macroeconomic conditions. Occupancy rates are in part determined by our room rates.

Local and national real estate regulation

Regulations and policies on the real estate industry have had and we expect will continue to have an impact upon our business and results of operations. The PRC Government has enacted a series of regulatory measures aimed at cooling the residential real estate market in recent years. Such measures have included tax policies, land supply policies, land grant policies, pre-sale policies, interest rate policies, bank financing policies and other macro-economic policies and have a significant effect upon demand for real estate and thus sales and average selling prices. In addition to such measures which have largely targeted the residential real estate market, regulations and policies have also been recently enacted targeting the commercial real estate sector. These policies primarily relate to (i) limitations on financing payment of land grant consideration and (ii) limitations on parties who are eligible to participate in the land bidding process. For details of the aforesaid regulations, please refer to the section headed "Laws and Regulations Relating to the Industry" in this prospectus.

Availability, suitability and cost of land

Our growth depends on our ability to continuously identify and obtain suitable sites for future development projects at reasonable prices. With the maturing of the PRC property market, competition among developers to acquire land suitable for commercial property development has intensified. Undeveloped land in China's major cities is becoming increasingly scarce. In addition, the statutory public tender, auction and listing-for-sale process in respect of the grant of state-owned land use rights may further increase competition for land suitable for development.

As a result, costs of acquiring land use rights in many regions have increased in recent years. Land acquisition costs have been one of the largest components of our cost of sales. In 2011, 2012 and 2013, our land acquisition costs amounted to RMB11.5 million, RMB5.5 million and RMB115.0 million, respectively, representing 18.1%, 11.3% and 22.7% of our cost of sales, respectively. Changes in the price of land may significantly affect our results of operations and financial condition. We expect that competition for land reserves will continue to intensify and land acquisition costs will continue to rise, which will have a significant impact on our results of operations. Please refer to the section headed "Risk Factors – Risks Relating to Our Business – We may not be able to locate or acquire suitable sites for our future projects at reasonable costs or at all".

Fluctuations in development costs

Our results of operations are affected by our project development costs, a significant part of which comprised our contractual payments to our construction contractors. Our payments to our contractors are mainly for construction material costs and labor costs. Any rise in construction material costs will impact our cost of sales and overall project development costs. In addition, as we pre-sell some of our properties prior to their completion, we will be unable to pass any increased costs with respect to such properties to our customers if construction costs increase subsequent to the time of such pre-sale. We expect our development costs will continue to be influenced by fluctuations in the cost of construction materials, and to a lesser extent by the recent rise in labor costs for our property developments.

Fair value of our investment properties

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at their fair values based on valuations performed by our independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. The property valuer has used methods of valuation which involves, inter alia, certain estimates including current market transaction prices for comparable properties, appropriate discount rates and expected future market rents. Favorable or unfavourable changes to the assumptions would result in changes in the fair value of our investment properties and corresponding adjustments to the amount of gain or loss reported in the combined statements of comprehensive income. In 2011, 2012 and 2013, we had fair value gains on our investment properties of RMB152.6 million, RMB61.7 million and RMB60.6 million, respectively. In addition, we had fair value gain upon transfer to investment properties of RMB256.3 million in 2013. These adjustments reflected unrealized capital gains on our investment properties as of the relevant reporting dates and did not generate cash. We expect that the amount of valuation adjustments will continue to be significant as a result of market fluctuations and have a significant impact on our results of operations. Please refer to the section headed "Risk Factors – Risks Relating to Our Business – Our results may fluctuate due to the increases or decreases in the appraised fair value of our investment properties".

Access to and cost of financing

Interest-bearing bank loans and other borrowings are important sources of funding for our property developments. As of December 31, 2011, 2012 and 2013, our outstanding bank loans and other borrowings amounted to RMB1,133.0 million, RMB1,320.7 million and RMB2,434.6 million, respectively. The effective interest rates of our bank loans and other borrowings as of December 31, 2011, 2012 and 2013 were within the range of 1.95% to 7.54%, 2.17% to 7.80% and 3.66% to 12.00%, respectively. The interest rates of our bank loans and other borrowings are affected by the benchmark interest rates published by the PBOC, which are in turn affected by the general economic conditions in China and the PRC Government's monetary policies.

Therefore, any increase in the benchmark interest rates will increase the interest costs for our property developments. 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 developments. Please refer to the section headed "Risk Factors – Risks Relating to the PRC Real Estate and Hotel Industry – Our funding capability may be affected by PRC Government actions and policies".

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our combined financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our combined financial statements, you should consider (i) our critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set out in detail in the Accountants' Report attached as Appendix I to this prospectus.

Revenue Recognition

Revenue from the sale of properties is recognized when all of the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to the purchasers;

(b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties is retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

We consider that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to purchasers. Revenue from sale of properties excludes business tax. Deposits and installments received in respect of properties sold prior to the date of revenue recognition are included in the statements of financial positions under current liabilities.

Property leasing income derived from the leasing of the Group's properties is recognised on a time-proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognized upon the rendering of the relevant services.

Hotel operating income which includes room rental, food and beverage sales and income from the provision of other ancillary services is recognized when the services are rendered.

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Cost of properties under development comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Cost for completed properties held for sale is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value of completed properties held for sale takes into account the selling price, less estimated costs to be incurred in selling the properties based on prevailing market conditions. Based on our historical experience and the nature of the subject properties, we make estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions. If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgments and estimates. Where the expectation is different from the original estimate, the carrying amount and provision for properties in the period in which such estimate is changed will be adjusted accordingly. We have not had any material inaccuracies in relation to our estimates nor have we had any material changes to our estimates during the Track Record Period. As our estimates are based on the nature of the subject properties and market conditions, our estimates for our current and future projects may differ from our previous projects.

All properties under development during the Track Record Period were intended for sale. Going forward, we expect to have certain properties under development which are intended for investment. The decision on whether properties are held for sale or held for investment depends on various factors such as the prevailing and expected macroeconomic and regulatory environment, supply and demand of similar properties, and expected selling and rental prices. Please see the section headed "3.2 Summary of Significant Accounting Policies – Investment properties" in Appendix I of this prospectus for the relevant accounting policy relating to the transfer of completed properties held for sale to investment properties.

Investment properties under development

Investment properties under development are interests in land and buildings under construction (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties under development are stated at fair value to reflect market conditions at the end of the reporting period, unless they are still in the course of construction or development at the statement of financial position date and their fair value cannot be reliably measured at that time.

Gains or losses arising from changes in the fair values of investment properties under development are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property under development are recognised in the statement of profit or loss in the year of the retirement or disposal.

Investment properties

Our investment properties are completed properties. Completed investment properties are land and buildings held to earn rental income and/or for capital appreciation, but not for our own occupation or sale in the ordinary course of business. Completed investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Investment properties are valued based on the appraised market value by independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and may materially differ from the actual results. In making estimates, the independent professional valuers consider information from current prices in an active market for similar properties and use assumptions that are mainly based on market conditions existing at the end of the reporting period.

In the absence of current prices in an active market for similar properties, the independent professional valuers consider information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different lease or other contracts, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for our estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. As the factors considered in valuing investment properties vary among properties, estimates for current and future products may differ from our previous projects. We have not had any material inaccuracies in relation to our estimates nor have we had any material changes to our estimates during the Track Record Period.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit and loss in the year of the retirement or disposal. Please see the paragraph headed "– Description of Selected Statement of Profit and Loss Line Items – Change in Fair Value of Investment Properties" for further information.

The table below sets out the market yields adopted in the valuation of our investment properties. For further information relating to how the fair value of our investment properties are determined, please see Appendix III to this prospectus and the section headed "II. Notes to the Financial Information – 14. Investment Properties" in Appendix I to this prospectus.

Investment Property	Term Yield	Reversionary Yield
Guomao Building	5.00% (office) 6.00% (retail)	5.50% (office) 6.50% (retail)
La Vie	6.00%	6.50%
Integrated Service Center	6.00%	6.50%
Highlong Plaza	5.00% (office) 5.50% (retail) 5.00% (serviced apartments)	5.50% (office) 6.00% (retail) 5.50% (serviced apartments)
Landscape Garden	5.50%	6.00%
Hidden Dragon Bay	5.50%	6.00%

Operating Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where we are the lessor, assets leased by us under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit and loss on a straight-line basis over the lease term. Where we are the lessee, rentals payable under the operating leases are charged to the statement of profit and loss on a straight-line basis over the lease term. Pre-paid land lease payments under operating leases are initially stated at cost and subsequently recognized on a straight-line basis over the lease terms. When lease payments cannot be allocated reliably between the land and buildings, the entire lease payments are included in the cost of the land and buildings as a finance lease in property and equipment.

Income tax

Income tax comprises current and deferred tax and LAT.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

According to the Provisional Regulations of the PRC on LAT (《土地增值稅暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations on LAT of the PRC (《土地增值稅暫行條例實施細則》), all income from the sale or transfer of state-owned land use rights on land, buildings and their attached facilities is subject to LAT.

LAT is levied on properties developed by property developers in the PRC for sale at progressive rates generally ranging from 30% to 60% of the appreciation in land value with certain exemptions. For real estate development companies in the PRC, EIT and LAT are pre-paid based on certain percentages of pre-sales proceeds. Pre-paid EIT and pre-paid LAT are deducted when the properties are delivered and revenue recognized.

Deferred tax is determined using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and tax losses can be utilized. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

RESULTS OF OPERATIONS

The following table sets forth our combined statements of comprehensive income for the years ended December 31, 2011, 2012 and 2013:

	For the year ended December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Revenue	197,765	164,323	875,842
Cost of sales	(63,598)	(48,481)	(506,994)
Gross Profit	134,167	115,842	368,848
Other income and gains	32,969	4,231	14,178
Selling and distribution costs	(44,341)	(29,473)	(32,822)
Administrative expenses	(51,035)	(59,256)	(69,114)
Other expenses	(807)	(137)	(1,494)
Fair value gain upon transfer to investment properties	–	–	256,292
Change in fair value of investment properties	152,630	61,700	60,600
Finance costs	(10,928)	(1,105)	–
Share of profits and losses of:			
Joint ventures	(97)	(1,007)	(2,409)
An associate	98,573	24,378	13,937
Profit before tax	311,131	115,173	608,016
Income tax expense	(60,402)	(28,713)	(212,232)
Profit for the year	250,729	86,460	395,784
Attributable to:			
Owners of the parent	234,070	79,118	364,623
Non-controlling interests	16,659	7,342	31,161
	250,729	86,460	395,784

DESCRIPTION OF SELECTED STATEMENT OF PROFIT AND LOSS LINE ITEMS

Revenue

We derived our revenue during the Track Record Period from (i) sale of properties; (ii) property leasing and property management; and (iii) hotel operation.

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount (RMB '000)	*% of Revenue (Note 1)*	*Amount (RMB '000)*	*% of Revenue (Note 1)*	*Amount (RMB '000)*	*% of Revenue (Note 1)*
Sale of properties *(Note 2)*	79,429	37.6	40,291	22.7	787,267	84.9
Property leasing and property management fee income	70,769	33.4	79,097	44.5	84,659	9.1
Hotel operating income	61,286	29.0	58,279	32.8	55,815	6.0
Revenue before business tax and surcharge	211,484	100.0	177,667	100.0	927,741	100.0
Less: Business tax and surcharge	(13,719)	(6.5)	(13,344)	(7.5)	(51,899)	(5.6)
Revenue *(Note 3)*	197,765	93.5	164,323	92.5	875,842	94.4

Notes:

(1) Before business tax and surcharge.

(2) Revenue from sale of properties only and includes revenue from the sale of commercial properties (including retail units and car parking spaces).

(3) White Horse Noble Mansion was included in our projects as it is a residential project where all residential apartments have been pre-sold/sold prior to Reorganization, but with unsold ancillary shops (which, based on the building ownership certificates, are designated for "commercial" use) and car parking spaces. As a result, the holding company thereof was included as a member of our Group. As of December 31, 2013, there was a residential property, with a total GFA of 283 sq.m., available for sale due to the fact that the purchaser of such property did not complete their purchase. As of the Latest Practicable Date, the 283 sq.m. of residential units have been pre-sold as we have sold the property but have not yet delivered the property to the purchaser. The revenue generated from the sale of residential properties from White Horse Noble Mansion during the Track Record Period was RMB35.6 million, nil, and nil, respectively. All revenue generated from the sale of residential properties from our White Horse Noble Mansion project during the Track Record Period has been excluded in our financial statements due to its significance, nature of being residential properties and to avoid misleading investors as the Group focuses on commercial properties only. Our financial information has been prepared in accordance with IFRSs and the related financial information of the businesses and operations, which were not historically associated with commercial property development, leasing and hotel operation have been excluded from our financial information throughout the Track Record Period as such businesses and operations were distinct and identifiable and were operated autonomously. These operations were retained by the Remaining Zhong An Group

pursuant to the Reorganization. Please see Appendix I to this prospectus for details. Please see the section headed "Business – Our Property Projects – White Horse Noble Mansion (白馬尊邸) – Completed project" of this prospectus for further information.

New White Horse Apartments was included in our projects as it is a residential project where all residential apartments have been sold, but with unsold car parking spaces. As a result, the holding company thereof was included as a member of our Group. No revenue was generated from the sales of residential properties from New White Horse Apartments during the Track Record Period. Please see the section headed "Business – Our Property Projects – New White Horse Apartments (新白馬公寓) – Completed project" of this prospectus for further information.

Sale of Properties

For the years ended December 31, 2011, 2012 and 2013, revenue from the sale of properties accounted for 37.6%, 22.7% and 84.9% of our revenue before business tax and surcharge, respectively.

We recognize our revenue from the sale of properties after the completed properties have been sold and delivered, with all relevant permits and certificates having been obtained and typically at the time when the risks and rewards of the property have been passed to the purchaser. Such revenue recognition is made on a property-by-property basis as we complete and deliver each property. As is customary in the PRC property industry, we pre-sell our properties prior to their completion in accordance with PRC pre-sale regulations. We do not, however, recognize revenue from the sale of properties until we have completed the construction of these properties and the properties have been delivered to the purchasers. Typically, there is a time gap ranging from approximately 12 to 36 months between the time that we commence pre-sale of the properties under development and the delivery of the completed properties. We record the proceeds from the pre-sold properties as "advances from customers" under current liabilities on our combined statement of financial position.

The following table sets forth a breakdown of our revenue from the sale of properties by project for the periods indicated:

Project	Pre-sale commencement date	Date of revenue first recognized	2011 GFA (sq.m.)/ number of car parking spaces sold	2011 Average selling price	2011 Revenue before business tax and surcharge	2012 GFA (sq.m.)/ number of car parking spaces sold	2012 Average selling price	2012 Revenue before business tax and surcharge	2013 GFA (sq.m.)/ number of car parking spaces sold	2013 Average selling price	2013 Revenue before business tax and surcharge
				(RMB'000/ sq.m.)/ (RMB'000/ car parking space)	*(RMB'000)*		*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*	*(RMB'000)*		*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*	*(RMB'000)*
Landscape Garden Phase I	–	Sep 2005	-/40 car parking spaces	-/141.9	5,675	-/4 car parking spaces	-/143.8	575	-/8	-/144.4	1,155
Landscape Garden Phase II	–	Feb 2007	-/6 car parking spaces	-/143.5	861	-/7 car parking spaces	-/125.0	875	–	–	–
White Horse Noble Mansion	June 2008	Dec 2008	2,639/110 car parking spaces	18.6/83.2	58,350 (9,149 from sale of car parking spaces)	2,248/30 car parking spaces	12.5/87.1	30,605 (2,614 from car parking spaces)	205/27	10.2/107.2	4,981 (2,895 from car parking spaces)
New White Horse Apartments	Apr 2006	Apr 2008	-/91 car parking spaces	-/159.8	14,543	-/45 car parking spaces	-/183.0	8,236	-/9	-/170.2	1,532
Hidden Dragon Bay	Oct 2010	Apr 2013	–	–	–	–	–	–	90,030/66	8.6/109.2	779,599 (7,210 from car parking spaces)
Total/Average			2,639/247 car parking spaces	18.6/122.4	79,429 (30,228 from sale of car parking spaces)	2,248/86 car parking spaces	12.5/143.0	40,291 (12,300 from sale of car parking spaces)	90,235/110	8.6/116.3	787,267 (12,792 from car parking spaces)

Property leasing and property management fee income

For the years ended December 31, 2011, 2012 and 2013, revenue from property leasing and property management accounted for 33.4%, 44.5% and 9.1% of our revenue before business tax and surcharge, respectively. Property leasing income reflects income we receive from the leasing of our properties and is recognized on a time-proportion basis over the term of the respective lease. Property management fee income represents fee income generated from the provision of property maintenance and management services.

Hotel operating income

For the years ended December 31, 2011, 2012 and 2013, revenue from hotel operation accounted for 29.0%, 32.8% and 6.0% of our revenue before business tax and surcharge, respectively. Hotel operating income primarily represents income from room rentals, food and beverage sales and income from the provision of other ancillary services in relation to the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）in our Highlong Plaza project.

The following table sets out the ARR, occupancy rate and RevPAR of Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）for the periods indicated:

	For the year ended December 31,		
	2011	**2012**	**2013**
ARR *(RMB)*	371.9	356.1	345.1
Occupancy Rate	50.8%	50.0%	49.8%
RevPAR *(RMB)*	188.9	178.1	171.9

The following table sets out a breakdown of the customer types of Holiday Inn Hangzhou Xiaoshan for the periods indicated:

	Year ended December 31,					
Customers	**2011**		**2012**		**2013**	
	Room Nights	*%*	*Room Nights*	*%*	*Room Nights*	*%*
Individuals (corporate)	42,428	55.1	40,902	53.8	35,491	47.0
Individuals	16,326	21.2	15,047	19.8	22,608	30.0
Individuals (other) *(Note 1)*	519	0.7	780	1.0	779	1.0
Group (meetings)	6,302	8.2	6,138	8.1	7,010	9.3
Group (leisure)	7,698	10.0	9.252	12.2	5,566	7.4
Others *(Note 2)*	3,744	4.9	3,853	5.1	3,986	5.3
Total	77,017	100	75,972	100	75,440	100

Note:

(1) Individuals (other) includes room nights sold using employee discounts, travel agencies and hotel discount packages.

(2) Others includes complimentary room nights and airline packages.

The following table sets out a breakdown of our revenue derived from Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）for the periods indicated:

	For the year ended December 31,		
	2011	**2012**	**2013**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Room Revenue	28,644	27,053	26,031
F&B Revenue	19,194	19,869	16,614
Others *(Note 1)*	13,448	11,357	13,170
Total	61,286	58,279	55,815

Note:

(1) Others include fees received from the use of our hotel facilities.

Cost of Sales

Our cost of sales primarily includes costs relating to (i) sales of properties; (ii) property leasing and property management; and (iii) hotel operation.

Cost of properties sold

Cost of properties sold comprises land acquisition costs, construction costs and capitalized interest.

Land acquisition costs primarily include payments to relevant land bureaus or government authorities for the right to occupy, use and/or develop a particular parcel of land. Land acquisition costs also include land-related taxes and surcharges. Land acquisition costs are recognized as part of the cost of sales upon completion and delivery of the relevant properties. Land acquisition costs are affected by the location of the property and the timing of acquisition as well as general economic and real estate market conditions. For the years ended December 31, 2011, 2012 and 2013, our land acquisition costs represented 18.1%, 11.3% and 22.7% of our cost of sales, respectively.

Construction costs include costs for design and construction, substantially covering all labor, materials, fittings and equipment costs, subject to adjustments for some types of excess, such as design changes during construction or changes in government-suggested steel prices. Our construction costs are paid over the construction period based on specified milestones. For the years ended December 31, 2011, 2012 and 2013, our construction costs represented 25.3%, 17.0% and 65.1% of our cost of sales, respectively.

We capitalize a portion of our borrowing costs to the extent that such costs are directly attributable to the acquisition, construction or production of a particular project. For the years ended December 31, 2011, 2012 and 2013, our capitalized interest represented 1.5%, 0.9% and 5.5% of our cost of sales, respectively.

Cost of property leasing and property management

Cost of property leasing and property management primarily reflects taxes and other costs incurred for property management during the Track Record Period. For the years ended December 31, 2011, 2012 and 2013, cost of property leasing and property management represented 18.2%, 23.6% and 2.9% of cost of sales, respectively.

Cost of hotel operation

Hotel operation costs primarily reflects food and beverage costs as well as the room costs incurred in Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）in our Highlong Plaza project. For the years ended December 31, 2011, 2012 and 2013, hotel operation costs represented 36.9%, 47.2% and 3.8% of our cost of sales, respectively.

The following table sets forth a breakdown of our cost of sales for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount (RMB '000)	*% of cost of sales*	*Amount (RMB '000)*	*% of cost of sales*	*Amount (RMB '000)*	*% of cost of sales*
Construction costs	16,085	25.3	8,234	17.0	330,280	65.1
Land acquisition costs	11,486	18.1	5,470	11.3	114,983	22.7
Capitalized interest	947	1.5	446	0.9	27,918	5.5
Cost of properties sold	28,518	44.9	14,150	29.2	473,181	93.3
Cost of property leasing and property management	11,577	18.2	11,434	23.6	14,580	2.9
Cost of hotel operation	23,503	36.9	22,897	47.2	19,233	3.8
Total	63,598	100.0	48,481	100.0	506,994	100.0

The following table sets forth a breakdown of costs of properties sold, both in aggregate and on a per sq.m. basis, by project for the period indicated:

Project	GFA sold and delivered (sq.m.)/ number of car parking spaces	Cost of properties sold (Note)	Land acquisition costs	Construction costs	Capitalized interest	Cost of properties sold per sq.m./per car parking space	Land acquisition cost per sq.m./per car parking space	Construction costs per sq.m./per car parking space	Capitalized interest per sq.m./per car parking space
		(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*	*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*	*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*	*(RMB'000/ sq.m.)/ (RMB'000/ car parking space)*
For the year ended December 31, 2011									
Landscape Garden Phase I	–/40	1,946	738	1,139	69	–/48.7	–/18.5	–/28.5	–/1.7
Landscape Garden Phase II	–/6	296	80	208	8	–/49.2	–/13.2	–/34.7	–/1.3
New White Horse Apartments	–/91	810	32	740	38	–/8.9	–/0.4	–/8.1	–/0.4
White Horse Noble Mansion	2,639/110	25,466	10,636	13,998	832	6.0/86.7	3.5/36.2	4.6/47.6	0.3/2.8
Total	2,639/247	28,518	11,486	16,085	947	6.0/51.0	3.5/19.6	4.6/29.7	0.3/1.7
For the year ended December 31, 2012									
Landscape Garden Phase I	–/4	183	69	107	7	–/45.8	–/17.3	–/26.8	–/1.7
Landscape Garden Phase II	–/7	279	74	197	8	–/39.9	–/10.6	–/28.1	–/1.1
New White Horse Apartments	–/45	408	16	373	19	–/9.1	–/0.4	–/8.3	–/0.4
White Horse Noble Mansion	2,248/30	13,280	5,311	7,557	412	5.2/51.2	2.1/20.8	3.0/28.8	0.2/1.6
Total	2,248/86	14,150	5,470	8,234	446	5.2/28.0	2.1/9.0	2.9/18.0	0.2/1.0
For the year ended December 31, 2013									
Landscape Garden Phase I	–/8	350	132	205	13	–/43.8	–/16.5	–/25.7	–/1.6
Landscape Garden Phase II	–	–	–	–	–	–	–	–	–
New White Horse Apartments	–/9	94	3	86	5	–/10.4	–/0.3	–/9.5	–/0.6
White Horse Noble Mansion	205/27	2,723	1,137	1,494	92	4.8/64.5	2.0/26.9	2.6/35.4	0.2/2.2
Hidden Dragon Bay	90,030/66	470,014	113,711	328,495	27,808	5.2/76.8	1.2/18.7	3.7/53.6	0.3/4.5
Total	90,235/ 110	473,181	114,983	330,280	27,918	5.2/65.9	1.3/19.0	3.6/43.5	0.3/3.4

Note: The cost of properties sold includes only commercial properties (including retail units and car parking spaces).

Gross Profit

Our gross profit for the years ended December 31, 2011, 2012 and 2013, was RMB134.2 million, RMB115.8 million and RMB368.8 million, respectively, representing gross profit margins of 67.8%, 70.5% and 42.1%, respectively.

The following table sets forth our gross profit margins for properties sold by project for the periods indicated:

	For the year ended December 31,								
	2011			2012			2013		
Project	**Revenue**	**Cost of properties sold**	**Gross profit margin**	**Revenue**	**Cost of properties sold**	**Gross profit margin**	**Revenue**	**Cost of properties sold**	**Gross profit margin**
	(RMB '000)	*(RMB '000)*	*(%)*	*(RMB '000)*	*(RMB '000)*	*(%)*	*(RMB '000)*	*(RMB '000)*	*(%)*
Landscape Garden Phase I	5,675	1,946	65.7%	575	183	68.2%	1,155	350	69.7%
Landscape Garden Phase II	861	296	65.6%	875	279	68.1%	–	–	–
New White Horse Apartment	14,543	810	94.4%	8,236	408	95.0%	1,532	94	93.9%
White Horse Noble Mansion	58,350	25,466	56.4%	30,605	13,280	56.6%	4,981	2,723	45.3%
Hidden Dragon Bay	–	–	–	–	–	–	779,599	470,014	39.7%
Total/Average	79,429	28,518	64.1%	40,291	14,150	64.9%	787,267	473,181	39.9%

Gross profit margin from sale of properties was 64.1%, 64.9% and 39.9% in 2011, 2012 and 2013, respectively. The gross profit margin for 2011 and 2012 was similar as the revenue in these years was derived mainly from the sold retail units and car parking spaces which typically have lower cost of sales and therefore higher gross profit margins. The lower gross profit margins in 2013 was because the revenue generated in this year derived mainly from the delivery of serviced apartment units from our Hidden Dragon Bay project in April 2013 which typically have higher cost of sales and therefore lower gross profit margins. Gross profit margin from property leasing and property management was 83.6%, 85.5% and 82.8% in 2011, 2012 and 2013, respectively. Gross profit margin from hotel operation was 61.7%, 60.7% and 65.5% in 2011, 2012 and 2013, respectively.

Other Income and Gains

Other income and gains primarily include subsidy income, interest income and foreign exchange gains.

Selling and distribution costs

Our selling and distribution costs primarily include advertising expenses, utilities, staff costs, supplies, rental fees and sales agency fees. Advertising expenses primarily represent expenses incurred to promote the sale and lease of our properties. Utilities represent expenses in relation to utilities such as electricity in connection with our sales. Staff costs primarily represent remuneration for our sales staff. Supplies primarily represent office supplies used in connection with our marketing. Rental fees primarily represent fees which we pay to lease property such as for our sales office or showroom purposes. Sales agency fees primarily represent fees we pay to sales agents in connection with the sale of our properties. We primarily focus our marketing efforts during the initial phases of each project to establish the reputation and profile for the project and in turn incur higher advertising and promotional expenses during these phases of the project. Advertising and promotional expenses and commissions for the sale of properties are generally incurred during the pre-sale periods while advertising and promotional expenses for our investment properties are generally incurred in the initial phases. As a result, our selling and distribution costs fluctuate from time to time.

The following table sets forth a breakdown of our selling and distribution costs for the periods indicated:

	For the year ended December 31,					
	2011		**2012**		**2013**	
	Amount (RMB '000)	*% of total (%)*	*Amount (RMB '000)*	*% of total (%)*	*Amount (RMB '000)*	*% of total (%)*
Advertising expenses	20,046	45.2	7,950	27.0	14,295	43.6
Staff costs	3,325	7.5	3,993	13.5	4,310	13.1
Utilities	6,080	13.7	6,135	20.8	5,450	16.6
Communication costs	741	1.7	756	2.6	737	2.2
Office expenses	255	0.6	387	1.3	276	0.8
Maintenance fees	784	1.8	467	1.6	665	2.0
Supplies	2,451	5.5	1,258	4.3	1,216	3.7
Sales agency fees	3,858	8.7	1,727	5.9	581	1.8
Rental fees	1,876	4.2	1,790	6.1	1,447	4.4
Environmental costs	284	0.6	351	1.2	311	0.9
Property insurance	161	0.4	155	0.5	146	0.4
Travel expenses	100	0.2	221	0.7	161	0.5
Car expenses	113	0.3	194	0.7	149	0.5
Consultancy fees	304	0.7	420	1.4	315	1.0
Audit fees	10	0	15	0	15	0
Depreciation	1,683	3.8	1,712	5.8	1,585	4.9
Miscellaneous	2,270	5.1	1,942	6.6	1,163	3.6
Total	44,341	100.0	29,473	100.0	32,822	100.0

The following table sets forth a breakdown of our advertising expenses by project for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Highlong Plaza	2,300	2,894	1,801
Landscape Garden (Phase I and II)	49	8	116
White Horse Noble Mansion	1,239	9	–
New White Horse Apartments	–	–	–
Hidden Dragon Bay	6,671	2,757	4,080
International Office Center	9,687	2,282	588
Hangzhou Qiandao Lake Run Zhou Resort Hotel	100	–	–
Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店)	–	–	436
Zhong An Times Square (Phase I and II)	–	–	7,274
Total	20,046	7,950	14,295

Administrative expenses

Our administrative expenses primarily include staff costs, hotel management fees, entertainment and travel expenses, office expenses, amortization of land, depreciation and professional fees. Staff costs represent remuneration in relation to our administrative staff. Hotel management fees represent fees we pay in connection with the management of the Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店). Entertainment and travel expenses primarily represent expenses incurred by our administrative staff in connection with business-related travel. Office expenses primarily represent expenses in relation to office supplies for our administrative staff. Amortization of land primarily represents the amortization of land in relation to our Hangzhou Qiandao Lake Run Zhou Resort Hotel project. Depreciation represents depreciation expenses of property and equipment in relation to our administrative functions. Professional fees primarily represent fees paid to professional consultants and advisors in relation to auditing-related and legal services. Changes in our administrative expenses are generally affected by the size of our operations, including the number and size of our projects. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount (RMB '000)	*% of total (%)*	*Amount (RMB '000)*	*% of total (%)*	*Amount (RMB '000)*	*% of total (%)*
Staff costs	12,614	24.7	18,060	30.5	25,018	36.2
Hotel management fees	10,360	20.3	9,969	16.8	2,902	4.2
Professional fees	2,411	4.7	4,307	7.3	16,032	23.2
Office expenses	8,832	17.3	8,398	14.2	10,231	14.8
Entertainment and travel expenses	5,152	10.1	4,717	8.0	6,657	9.6
Share options	1,436	2.8	1,174	2.0	1,186	1.7
Depreciation	2,878	5.6	4,220	7.1	1,946	2.8
Amortization of land	4,444	8.7	4,444	7.4	–	–
Miscellaneous	2,908	5.8	3,967	6.7	5,142	7.5
Total	51,035	100.0	59,256	100.0	69,114	100.0

Other Expenses

Other expenses primarily include loss on disposal of fixed assets and the exchange loss that we incurred in 2012.

Fair Value Gain Upon Transfer to Investment Properties

We transfer a property from completed property held for sale to investment property such as with Hidden Dragon Bay when there is a change in use and the property must be further developed for such change in use. We decide to change the use of a property if management believes that the property can generate rental income and such belief is supported with evidence of demand for rental space, if it is legally permissible to do so, if approved by the board, and only if we have the necessary resources, including the necessary financing or capital, to manage the property as an investment property. A decision for a property under development to become an investment property upon completion is taken according to the same considerations. Completed properties held for sale and properties under development are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its carrying amount will be recognized in our combined statements of profit and loss.

The following table sets forth a breakdown of our fair value gain upon transfer to investment properties and changes in GFAs by project for the period indicated:

	For the year ended December 31,					
	2011		2012		2013	
	GFA (sq.m.)	*Fair value (RMB'000)*	*GFA (sq.m.)*	*Fair value (RMB'000)*	*GFA (sq.m.)*	*Fair value (RMB'000)*
Hidden Dragon Bay	–	–	–	–	24,328	256,292
Total	–	–	–	–	24,328	256,292

For the years ended December 31, 2011, 2012 and 2013, we had fair value gain upon transfer to our investment properties of nil, nil and RMB256.3 million, respectively. These adjustments reflected unrealized capital gains on our investment properties and did not generate cash. Our Hidden Dragon Bay project was completed in April 2013. Certain retail units were leased out to earn rental income and therefore transferred to investment properties which resulted fair value gain upon the transfer in 2013. Please see the paragraph headed "– Critical Accounting Policies, Estimates and Judgments – Investment Properties" for further information.

Change in Fair Value of Investment Properties

Investment properties are interests in land and buildings held to earn recurring income. Investment properties are stated at their fair value as of each reporting date. Gains or losses arising from change in the fair values of our investment properties are included in our combined statements of profit and loss. Please refer to the section headed "Property Valuation" in Appendix III to this prospectus for further information.

The following table sets forth a breakdown of the change in fair value of investment properties by project for the periods indicated:

	For the year ended December 31,		
	2011	**2012**	**2013**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Project			
Guomao Building	11,000	3,400	3,700
Integrated Service Center	5,800	1,300	2,000
Highlong Plaza	127,130	54,100	47,500
Landscape Garden (Phase I and II)	7,400	2,900	5,400
La Vie	1,300	–	600
Hidden Dragon Bay	–	–	1,400
Total	152,630	61,700	60,600

For the years ended December 31, 2011, 2012 and 2013, we had changes in fair value of investment properties of RMB152.6 million, RMB61.7 million and RMB60.6 million, respectively. These adjustments reflected unrealized capital gains on our investment properties, and did not generate cash. Please see the paragraph headed "– Critical Accounting Policies, Estimates and Judgments – Investment Properties" in this section for further information.

CBRE Limited, our independent property valuer, adopted two valuation methodologies, namely, the comparison approach and the income approach in valuing our completed investment properties. As advised by CBRE Limited, the two approaches are collectively used and taken into account in valuing our completed investment properties. The comparison approach is suitable and reliable for properties located in markets where there are many comparables and a high frequency of transactions. For completed investment properties, CBRE Limited has advised that the income approach is also suitable and reliable as it takes into account an investment property's rental income with a yield rate to arrive at present market value. For completed investment properties where both the comparison approach and income approach have been used, the final fair value was determined by giving equal weight to the value from both the comparison approach and the income approach. For properties under development, the cost approach is used as it takes into account the construction progress and the construction costs incurred as of the valuation date. Please see the section headed "Property Valuation" in Appendix III to this prospectus for further information.

As advised by CBRE Limited, set out below is a summary in relation to the valuation methodologies and assumptions as adopted by CBRE Limited:

No.	Property	Capital value in existing state attributable to the Group as of April 30, 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Valuation Report as set out in Appendix III
1.	Landscape Garden（山水苑）(Various retail units of Level 1 to Level 2 and the whole block of No.43 commercial building)	115,700,000	Direct comparison approach and income approach RMB11,800/sqm	III-11 to III-15
2.	Integrated Service Center（綜合服務中心）(Portion of Level 1 and the whole of Level 2 to Level 4)	71,900,000	Direct comparison approach and income approach RMB13,500/sqm	III-16 to III-17
3.	Highlong Plaza（恒隆廣場）(Various office units, retail units and serviced apartment units)	1,561,100,000	Direct comparison approach and income approach Office: RMB11,100/sqm Retail: RMB20,800/sqm Serviced apartment: RMB10,200/sqm	III-18 to III-20
4.	Guomao Building（國貿大廈）(Basement 1 to Level 15)	123,400,000	Direct comparison approach and income approach Retail: RMB15,300/sqm Office: RMB9,800/sqm	III-21 to III-23
5.	La Vie（逸樂軒）(A retail shop unit on Level 1)	13,300,000	Direct comparison approach and income approach RMB43,400/sqm	III-24

No.	Property	Capital value in existing state attributable to the Group as of April 30, 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Valuation Report as set out in Appendix III
6.	Hidden Dragon Bay (隱龍灣) (Various retail units)	356,800,000	Direct comparison approach and income approach RMB15,900/sqm	III-25 to III-28
7.	Xihu Guomao Center (西湖國貿中心) (Units 609, 611, 612 and 613)	18,800,000	Direct comparison approach RMB30,900/sqm	III-29 to III-30
8.	Highlong Plaza (恒隆廣場) (Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) and 467 car parking spaces)	607,200,000	Income approach and direct comparison approach Car park: RMB160,000/space Hotel: RMB16,700/sqm	III-31 to III-32
9.	Integrated Service Center (綜合服務中心) (Various retail units, office units and 41 car parking spaces)	12,500,000	Direct comparison approach Retail: RMB21,300/sqm Office: RMB10,100/sqm Car park: RMB140,000/space	III-33 to III-34
10.	White Horse Noble Mansion (白馬尊邸) (Various retail units, residential units and 186 car parking spaces)	63,600,000	Direct comparison approach Retail: RMB13,600/sqm Car park: RMB100,000/space	III-35 to III-36

No.	Property	Capital value in existing state attributable to the Group as of April 30, 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Valuation Report as set out in Appendix III
11.	Landscape Garden（山水苑）(58 car parking spaces)	4,300,000	Direct comparison approach RMB83,000/space	III-37
12.	New White Horse Apartments（新白馬公寓）(43 car parking spaces)	5,000,000	Direct comparison approach RMB130,000/space	III-38 to III-39
13.	Hidden Dragon Bay（隱龍灣）(Various serviced apartment units, clubhouses, 343 car parking spaces and one retail unit)	1,991,200,000	Direct comparison approach Serviced apartment: RMB7,500/sqm Retail: RMB26,700/sqm Clubhouse: RMB26,500/sqm Car park: RMB110,000/space	III-40 to III-42
14.	Hangzhou International Office Center（杭州國際辦公中心）(Plot A3)	3,978,000,000	Cost approach	III-43 to III-45
15.	Zhong An Times Square Phase I（眾安時代廣場一期）	1,058,400,000	Cost approach	III-46 to III-48
16.	Zhong An Times Square Phase II（眾安時代廣場二期）	1,494,500,000	Cost approach	III-49 to III-51
17.	Qiandao Lake Run Zhou Resort Hotel（千島湖潤洲度假酒店）	269,000,000	Cost approach	III-52 to III-54
18.	Jia Run Square（嘉潤廣場）	461,300,000	Cost approach	III-55 to III-57

No.	Property	Capital value in existing state attributable to the Group as of April 30, 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Valuation Report as set out in Appendix III
19.	Hangzhou International Office Center (杭州國際辦公中心) (Reserved land (Note 1) of Plot A1 and A2)	3,433,000,000	Direct comparison approach Accommodation value: RMB9,400/sqm	III-58 to III-60
20.	Two parcels of commercial land in Cixi	54,100,000	Direct comparison approach Accommodation value: RMB480/sqm	III-61

Note:

(1) The term "reserved land" refers to properties to which the land use rights certificates have been issued but the construction commencement permit has not yet been obtained.

Finance Costs

Our finance costs include interest expenses on bank loans and other borrowings less interest capitalized in properties under development. We capitalize certain interest expenses based on the use of the underlying loans. Finance costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Furthermore, interest expenses can only be capitalized during the construction period and finance costs incurred prior to and after the construction period must be expensed.

Share of Losses of Joint Ventures

Our share of losses of joint ventures primarily include our share of losses from our joint ventures, Jiangsu Xiezhong and Jiangsu Jiarun, relating to our Jia Run Square project.

The following table sets forth the loss after tax attributable to our joint ventures:

	For the year ended December 31,		
	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Jiangsu Xiezhong	(97)	(3)	(26)
Jiangsu Jiarun	–	(1,004)	(2,383)
Total	(97)	(1,007)	(2,409)

For the years ended December 31, 2011, 2012 and 2013, our joint ventures suffered losses primarily because the Jia Run Square project is still under the development stage and no revenue was generated during the Track Record Period.

Share of Profits and Losses of Associates

Our share of profits and losses of associates primarily include our share of gains or losses from our associate, Hangzhou Danube, which is a part of the Remaining Zhong An Group and holds the Landscape Bay project.

Income Tax Expense

Income tax expense represents our PRC corporate income tax, PRC LAT and deferred taxes.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Current – PRC corporate income tax for the year	23,235	18,100	33,289
Current – PRC LAT for the year	7,648	1,879	55,247
Deferred	29,519	8,734	123,696
Total	60,402	28,713	212,232

Pursuant to the PRC enterprise income tax law, the PRC income tax rate for our PRC subsidiaries is 25% effective from January 1, 2008. We did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profits tax during the Track Record Period. Currently, we are not subject to any Cayman Islands income tax pursuant to an undertaking obtained from the Governor-in-Counsel. Please refer to the section headed "Appendix IV – Summary of the Constitution of our Company and Cayman

Islands Companies Law – Cayman Islands Company Law – Taxation" in this prospectus for more details. During the Track Record Period, we have fully paid all relevant corporate income taxes in accordance with the relevant laws and regulations.

All appreciation arising from the sale or transfer of land use right, and buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as determined in accordance with relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the total deductible items, but this exemption does not extend to sales of commercial properties. Under PRC tax laws and regulations, our properties in the PRC are subject to LAT on the appraised value of the land and the improvements on the land upon the sale of such properties. We are required to pay 3% to 5% of our sales and pre-sales proceeds as prepaid LAT.

Our Directors confirm that, during the Track Record Period, we had fully provided for the LAT for our properties in accordance with the relevant laws and regulations and the accounting policies. Our Directors also confirm that, during the Track Record Period, there had not been any material delay in our payment of the LAT for our properties. For the years ended December 31, 2011, 2012 and 2013, our LAT amounted to RMB7.6 million, RMB1.9 million, and RMB55.2 million, respectively. The increase in land appreciation tax in 2013 was because the revenue generated in this year derived mainly from the delivery of serviced apartment units from our Hidden Dragon Bay project in April 2013 which incurred LAT, whereas the revenue generated in 2011 and 2012 derived mainly from property leasing and property management and hotel operation which did not incur LAT.

Deferred taxes are the taxes expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in our financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized for deductible temporary differences, carried-forward unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

During the Track Record Period, our deferred tax liabilities primarily included fair value adjustments arising from investment properties and withholding taxes on undistributed profits of our subsidiaries in the PRC. Fair value adjustments arising from investment properties was RMB38.2 million, RMB15.4 million and RMB79.2 million for the year ended December 31, 2011, 2012 and 2013, respectively.

For the years ended December 31, 2011, 2012 and 2013, our effective tax rates, excluding the effect of LAT, were 17.0%, 23.3% and 25.8%, respectively.

2013 compared to 2012

Revenue

Our revenue was RMB875.8 million in 2013, which represented an increase of RMB711.5 million, or 433.0%, from RMB164.3 million in 2012. This increase was primarily attributable to an increase in revenue from the sale of properties and property leasing and property management partially offset by a decrease in revenue from our hotel operations.

Sale of properties

Our revenue generated from sale of properties was RMB787.3 million in 2013, which represented an increase of RMB747.0 million, or 19.5 times, from RMB40.3 million in 2012. The increase in our sale of properties was primarily attributable to the commencement of delivery of serviced apartments to purchasers in relation to our Hidden Dragon Bay project in April 2013. We delivered serviced apartments with a GFA of approximately 90,235 sq.m. retail units as well as 110 car parking spaces in 2013, while we only delivered 2,248 sq.m retail units and 86 car parking spaces in 2012.

The average selling price of retail units in 2013 was approximately RMB8,583 per sq.m.. The average price per car parking space decreased to approximately RMB116,291 per car parking space in 2013 from approximately RMB143,023 per car parking space in 2012 primarily due to the lower average selling price per car parking space in our Hidden Dragon Bay project compared to that from our other projects.

Property leasing and property management fee income

Our revenue generated from property leasing and property management was RMB84.7 million in 2013, which represented an increase of RMB5.6 million, or 7.1%, from RMB79.1 million in 2012 primarily due to an increase in effective average annual rental rate per sq.m. from RMB621 in 2012 to RMB666 in 2013 largely due to an increase in rental rates for our Highlong Plaza pursuant to the terms of the lease agreements.

Hotel operating income

Our revenue generated from hotel operation was RMB55.8 million in 2013, which represented a slight decrease of RMB2.5 million, or 4.3%, from RMB58.3 million in 2012 primarily attributable to a decrease in ARR. ARR decreased to RMB345.1 in 2013 from RMB356.1 in 2012 primarily due to the "Eight Point Regulation"（八項規定）as well as the continued softening of the general economic environment in Hangzhou and China. In addition, as a result of the foregoing, RevPAR decreased to RMB171.9 in 2013 from RMB178.1 in 2012 and our occupancy rate also decreased slightly to 49.8% in 2013 from 50.0% in 2012.

Cost of sales

Our cost of sales was RMB507.0 million in 2013, which represented an increase of RMB458.5 million, or 10.5 times, from RMB48.5 million in 2012.

Cost of properties sold was RMB473.2 million in 2013, which represented an increase of RMB459.0 million, or 33.3 times from RMB14.2 million in 2012. The increase in cost of properties sold was primarily due to the construction costs and land acquisition costs incurred in relation to the serviced apartments with a GFA of approximately 90,030 sq.m. that was sold from our Hidden Dragon Bay project.

Gross profit

Our gross profit was RMB368.8 million in 2013, which represented an increase of RMB253.0 million, or 218.5%, from RMB115.8 million in 2012 primarily as a result of the increase in revenue from our sale of properties. Our gross profit margin was 42.1% in 2013, which represented a decrease of 28.4% from 70.5% in 2012. The decrease in gross profit margin was primarily attributable to a substantial portion of our revenue in 2013 being derived from property sales, which generally have lower gross profit margins than our property leasing and property management income and hotel operating income.

Gross profit margin from sale of properties decreased to 39.9% in 2013 from 64.9% in 2012 primarily as a result of the delivery of serviced apartment units from our Hidden Dragon Bay project in April 2013 and the corresponding increase in cost of properties sold. Gross profit margin from property leasing and property management decreased slightly to 82.8% in 2013 from 85.5% in 2012 and gross profit margin from hotel operation increased to 65.5% in 2013 from 60.7% in 2012.

Other income and gains

Our other income and gains were RMB14.2 million in 2013, which represented an increase of RMB10.0 million, or 238.1%, from RMB4.2 million in 2012. This increase was primarily due to a foreign exchange gain arising from our U.S. dollar-denominated bank loan as the Renminbi appreciated significantly against the U.S. dollar in 2013.

Selling and distribution expenses

Our selling and distribution expenses were RMB32.8 million in 2013, which represented a increase of RMB3.3 million, or 11.2%, from RMB29.5 million in 2012. This increase was primarily due to a RMB6.3 million increase in advertising expenses.

Administrative expenses

Our administrative expenses were RMB69.1 million in 2013, which represented an increase of RMB9.8 million, or 16.5%, from RMB59.3 million in 2012. This increase was primarily due to a RMB7 million increase in staff costs and a RMB11.3 million increase in professional fees in 2013. The increase in staff costs was primarily due to the expansion of our operations as we commenced delivery of units from our Hidden Dragon Bay project as well as the expected commencement of construction of our Zhong An Times Square (Phase I) project in October 2013 and the expected commencement of pre-sales from our Zhong An Times Square (Phase II) project. The increase in professional fees was due to expenses in relation to the Listing.

Other expenses

Our other expenses were RMB1.5 million in 2013, which represented an increase of RMB1.4 million, or 1,400%, from RMB0.1 million in 2012, primarily due to the increase in miscellaneous non-operating expenses during the year.

Fair value gain upon transfer to investment properties

Our fair value gain upon transfer to investment properties was RMB256.3 million in 2013 compared to nil in 2012. This increase was primarily due to a fair value gain upon the transfer of our Hidden Dragon Bay project to investment properties as a result of the commencement of lease of certain units from the project in 2013.

Change in fair value of investment properties

Change in fair value of investment properties was RMB60.6 million in 2013, compared to RMB61.7 million in 2012 due to changing market conditions in Shanghai and Zhejiang Province.

Share of profits and losses of joint ventures

We shared losses of joint ventures in 2012 and 2013, primarily due to the expenses incurred for our Jia Run Square project which commenced construction in May 2013.

Share of profits and losses of an associate

Our share of profits of an associate were RMB13.9 million in 2013, which represented a decrease of RMB10.5 million, or 43.0%, from profits of RMB24.4 million in 2012. This decrease was primarily attributable to the majority of units in Landscape Bay project having been delivered before 2013.

Profit before tax

As a result of the foregoing, profit before tax was RMB608.0 million in 2013, which represented an increase of RMB492.8 million, or 5.3 times, from RMB115.2 million in 2012.

Income tax expense

Income tax expense was RMB212.2 million in 2013, which represented an increase of RMB183.5 million, or 7.4 times, from RMB28.7 million in 2012. This increase was primarily due to an increase in PRC corporate income tax and an increase in LAT. Our PRC corporate income tax increased due to the increase in our profit before tax. We incurred more LAT in 2013 due primarily to an increase in the sale of properties in relation to our Hidden Dragon Bay project.

Profit for the year

As a result of the foregoing, profit for the year was RMB395.8 million in 2013, which represented an increase of RMB309.3 million, or 4.6 times, from RMB86.5 million in 2012. Net profit margin decreased to 45.2% in 2013 from 52.6% in 2012. The decrease in our net profit margin was largely due to the increase in property sales, due primarily to the commencement of delivery of serviced apartment units from Hidden Dragon Bay which increased our selling and distribution costs as well as related administrative expenses. We also recognised a fair value gain upon transfer to investment properties in the amount of RMB256.3 million when we leased certain units from Hidden Dragon Bay.

2012 Compared to 2011

Revenue

Our revenue was RMB164.3 million in 2012, which represented a decrease of RMB33.5 million, or 16.9%, from RMB197.8 million in 2011. This decrease was primarily attributable to a decrease in revenue from the sale of properties and hotel operations, partially offset by an increase in revenue from property leasing and property management.

Sale of properties

Our revenue generated from sale of properties was RMB40.3 million in 2012, which represented a decrease of RMB39.1 million, or 49.2%, from RMB79.4 million in 2011. The decrease in our sales of properties was primarily attributable to a decrease in the average selling price of our retail units from our White Horse Noble Mansion project to approximately RMB12,500 per sq.m. in 2012 from approximately RMB18,600 per sq. m. in 2011, and the decrease in GFA sold and delivered of retail units to approximately 2,248 sq.m. in 2012 from approximately 2,639 sq.m. in 2011. Retail properties sold in 2011 were in general better located retail properties than the retail properties sold in 2012. In addition, sales from our White Horse Noble Mansion project in 2011 also benefitted from a stronger real estate market.

In addition to the decrease in average selling price of our retail units from our White Horse Noble Mansion project in 2012 compared to 2011, sales of car parking space units decreased to 86 car parking spaces in 2012 from 247 car parking spaces in 2011. The decrease was primarily due to the decrease in car parking spaces sold and delivered from our White Horse Noble Mansion to 30 car parking spaces in 2012 from 110 car parking spaces in 2011. Similarly, car parking spaces sold and delivered decreased to 45 car parking spaces from 91 car parking spaces in our New White Horse Apartments and to 4 car parking spaces from 40 car parking spaces in our Landscape Garden (Phase I) in 2012 and 2011, respectively.

Property leasing and property management fee income

Our revenue generated from property leasing and property management was RMB79.1 million in 2012, which represented an increase of RMB8.3 million, or 11.7%, from RMB70.8 million in 2011, which was primarily attributable to an increase in rental rates pursuant to the lease agreements. The effective average annual rental rate in our Highlong Plaza project increased to approximately RMB636 per sq.m. in 2012 from approximately RMB592 per sq.m. in 2011 while the effective leased area of our Highlong Plaza was approximately 97,345 sq.m. Effective average annual rental rate in our Guomao Building project also increased to approximately RMB740 per sq.m. in 2012 from approximately RMB435 per sq.m. in 2011, partially offset by the decrease in the effective leased area in our Guomao Building project to approximately 7,667 sq.m. primarily due to the termination agreement we entered into in relation to the Yigang Department Store in January 2012.

Hotel operating income

Our revenue generated from hotel operation was RMB58.3 million in 2012, which represented a decrease of RMB3.0 million, or 4.9%, from RMB61.3 million in 2011. The decrease was primarily attributable to decreases in ARR and RevPAR and a slight decrease in occupancy rate in 2012. ARR, RevPAR and occupancy rate decreased in 2012 from 2011 primarily due to the softening general economic environment in Hangzhou and China.

Cost of sales

Our cost of sales was RMB48.5 million in 2012, which represented a decrease of RMB15.1 million, or 23.7%, from RMB63.6 million in 2011.

Cost of properties sold was RMB14.2 million in 2012, which represented a decrease of RMB14.3 million, or 50.2%, from RMB28.5 million in 2011. The decrease was in line with the decrease in properties sold in 2012.

Gross profit

Our gross profit was RMB115.8 million in 2012, which represented a decrease of RMB18.4 million, or 13.7%, from RMB134.2 million in 2011 primarily due to the decrease in revenue from sale of our properties in 2012 compared to 2011. Our gross profit margin was 70.5% in 2012, which represented a slight increase of 2.7% from 67.8% in 2011. Since the sale of properties has a lower gross margin than that of the property leasing and property management income, the decrease in sales of properties as a portion of revenue before business tax and surcharge in 2012 resulted in a slight increase in the overall gross margin.

Gross profit margin in each of our segments remained relatively steady in 2012 compared to 2011. Gross profit margin from sale of properties increased slightly to 64.9% in 2012 from 64.1% in 2011 and gross profit margin from property leasing and property management increased slightly to 85.5% in 2012 from 83.6% in 2011. Gross profit margin from hotel operation decreased slightly to 60.7% in 2012 from 61.7% in 2011.

Other income and gains

Our other income and gains were RMB4.2 million in 2012, which represented a decrease of RMB28.8 million, or 87.3%, from RMB33.0 million in 2011. This decrease was primarily due to the slower appreciation of the Renminbi against the U.S. dollar in 2012 compared to 2011 and a decrease in interest income.

Selling and distribution expenses

Our selling and distribution expenses were RMB29.5 million in 2012, which represented a decrease of RMB14.8 million, or 33.4%, from RMB44.3 million in 2011. This decrease was primarily due to a RMB12.1 million decrease in advertising expenses, largely due to decreases in advertising in relation to our International Office Center and Hidden Dragon Bay projects. Advertising expenses for our serviced apartments in our International Office Center project decreased by RMB7.4 million in 2012 from 2011 primarily because of our effort to improve the brand recognition of our serviced apartments in our International Office Center project in 2011. Advertising expenses for our Hidden Dragon Bay project decreased by RMB3.9 million in 2012 from 2011 as we commenced pre-sales for our Hidden Dragon Bay project in October 2010 and thus incurred more advertising expenses in 2011 than 2012.

Administrative expenses

Our administrative expenses were RMB59.3 million in 2012, which represented an increase of RMB8.3 million, or 16.3%, from RMB51.0 million in 2011. This increase was primarily due to a RMB5.4 million increase in staff costs, a RMB1.9 million increase in professional fees and a RMB1.3 million increase in depreciation. The increase in staff costs and professional fees was primarily due to the expansion of our operations in relation to the continued development of our Hidden Dragon Bay project and the commencement of construction of our Zhong An Times Square (Phase II) and Hangzhou Qiandao Lake Run Zhou Resort Hotel projects in 2012. The increase in depreciation was primarily due to our purchase of property in relation to our Xihu Guomao Center project.

Other expenses

Our other expenses were RMB0.1 million in 2012, which represented a decrease of RMB0.7 million, or 87.5%, from RMB0.8 million for 2011 primarily due to the decrease in miscellaneous non-operating expenses during the period.

Change in fair value of investment properties

Change in fair value of investment properties was RMB61.7 million in 2012, compared to RMB152.6 million in 2011. The lower change in fair value of investment properties in 2012 was primarily attribute to changing market conditions affecting Highlong Plaza.

Finance costs

Our finance costs decreased to RMB1.1 million in 2012 from RMB10.9 million in 2011 due primarily to more finance expenses being capitalized in 2012 as compared to 2011.

Share of profits and losses of joint ventures

Our share of losses of joint ventures was RMB1.0 million in 2012, similar to 2011. We continued to experience losses from our share of losses of joint ventures primarily due to the pre-development expense of our Jia Run Square project.

Share of profits and losses of an associate

Our share of profits of an associate were RMB24.4 million in 2012, which represented a decrease of RMB74.2 million, or 75.3%, from RMB98.6 million in 2011. This decrease was primarily attributable to a decrease in sales in Landscape Bay project as the majority of units were sold in 2011.

Profit before tax

As a result of the foregoing, profit before tax was RMB115.2 million in 2012, which represented a decrease by RMB195.9 million, or 63.0% from RMB311.1 million in 2011.

Income tax expense

Income tax expense was RMB28.7 million in 2012, which represented a decrease of RMB31.7 million, or 52.5%, from RMB60.4 million in 2011. This decrease was primarily due to a decrease in PRC corporate income tax and a decrease in LAT. Our PRC corporate income tax expense decreased in 2012 primarily due to a decrease in our profit before tax and our LAT decreased in 2012 primarily due to a decrease in the sale of properties in 2012.

Profit for the year

As a result of the foregoing, profit for the year was RMB86.5 million in 2012, which represented a decrease by RMB164.2 million, or 65.5% from RMB250.7 million in 2011. Net profit margin decreased to 52.6% in 2012 from 126.8% in 2011. The decrease in net profit margin was due primarily to the change in fair value of investment properties in the amount of RMB61.7 million in 2012, compared to RMB152.6 million in 2011, and the share of profits of an associate in the amount of RMB24.4 million in 2012, compared to RMB98.6 million in 2011.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our land acquisitions, property development expenses, working capital needs and debt service. Our primary sources of liquidity have been bank loans and other borrowings and cash flows generated from our operations. Going forward, we believe our liquidity requirements will continue to be funded by the same sources of liquidity and also by proceeds from the Global Offering and additional offerings of equity securities or other capital market instruments.

Cash flow

The following table sets forth a summary of our combined cash flow statement for the years indicated.

	For the year ended December 31,		
	2011	2012	2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Selected cash flow statement data			
Net cash generated from/(used in) operating activities	(548,783)	76,580	(714,206)
Net cash generated from/(used in) investing activities	(416,821)	(335,155)	1,267,258
Net cash generated from/(used in) financing activities	819,537	288,674	(507,839)
Net increase/(decrease) in cash and cash equivalents	(146,067)	30,099	45,213
Cash and cash equivalents at the end of the year	149,408	179,500	223,993

Operating Activities

Our net cash generated from operating activities includes proceeds from sales of properties, property leasing and property management fee income and hotel operating income along with advances from customers. Cash used in operating activities primarily reflects our investments in property developments, completed properties held for sale and decreases from advances from customers.

For the year ended December 31, 2013, net cash used in operating activities was RMB714.2 million. We generated RMB608.0 million in profit before tax, which was partially offset by a non-cash adjustment of RMB256.3 million in relation to the fair value gain upon transfer to investment properties. Net cash used in operating activities was RMB714.2 million, primarily reflecting an increase in completed properties held for sale as we completed construction of our Hidden Dragon Bay project. In addition, we had a RMB708.4 million decrease in advances from customers primarily as a result of our completion of the construction of our Hidden Dragon Bay project. These amounts were partially offset by a RMB471.5 million decrease in properties under development due to the completion of the construction of the Hidden Dragon Bay project partially offset by our continued construction of our International Office Center project and Zhong An Times Square project. In addition, we had a RMB245.4 million increase in trade payables primarily as a result of the completion of our Hidden Dragon Bay project.

For the year ended December 31, 2012, our net cash generated from operating activities was RMB76.6 million. We generated profit before tax in the amount of RMB115.2 million, partially offset by non-cash adjustments in relation to the RMB61.7 million increase in fair value of investment properties and the RMB24.4 million in share of profits of an associate. In addition, net cash generated from operating activities reflected a RMB467.7

million increase in properties under development and a RMB15.5 million increase in other payables and accruals primarily as a result of our Hidden Dragon Bay project, International Office Center project and Zhong An Times Square project. These amounts were partially offset by a RMB332.5 million increase in advances from customers primarily from pre-sales in relation to our Hidden Dragon Bay project and a RMB276.2 million decrease in prepayments, deposits and other receivables primarily as a result of our Hidden Dragon Bay project and in relation to serviced apartments of our International Office Center project.

For the year ended December 31, 2011, our net cash used in operating activities was RMB548.8 million. We generated profit before tax in the amount of RMB311.1 million, which was partially offset by non-cash adjustments in relation to the RMB152.6 million increase in changes in fair value of investment properties and the RMB98.6 million share of profits of an associate. Net cash used in operating activities reflected a RMB811.3 million increase in properties under development in relation to our Hidden Dragon Bay and International Office Center projects as we continued to use our cash resources in connection with the continued construction of the Hidden Dragon Bay and International Office Center projects, partially offset by a RMB189.2 million increase in advances from customers primarily in relation to pre-sales of our Hidden Dragon Bay Project.

Investing Activities

For the year ended December 31, 2013, our net cash generated from investing activities was RMB1,267.3 million, primarily reflecting repayment from related companies in the amount of RMB1,320.5 million and a RMB6.0 million decrease in restricted cash primarily as a result of the maturity of a letter of guarantee we provided in relation to certain construction services for our Hangzhou Qiandao Lake Run Zhou Resort Hotel project, partially offset by RMB53.2 million in capital contributions and loans to our joint ventures in relation to our Jia Run Square project and RMB8.3 million in purchases of items of property and equipment primary in relation to the purchase of an office in relation to our Xihu Guomao Center project.

For the year ended December 31, 2012, our net cash used in investing activities was RMB335.2 million, primarily reflecting RMB185.1 million in capital contributions and loans to our joint ventures in connection with land acquisitions in relation to the continued development of our Jia Run Square project, a RMB103.1 million increase in restricted cash primarily as a result of the use of pledged deposits in relation to certain borrowings and advances to related companies in the amount of RMB46.5 million.

For the year ended December 31, 2011, our net cash used in investing activities was RMB416.8 million, primarily reflecting advances to related companies in the amount of RMB558.4 million, RMB177.6 million in capital contributions and loans to our joint ventures in connection with land acquisitions in relation to the development of our Jia Run Square project and RMB43.5 million in purchases of items of property and equipment in connection primarily in relation to the purchase of two offices in connection with our Xihu Guomao Center project, partially offset by a RMB367.0 million decrease in restricted cash as a result of the maturity of certain pledged deposits.

Financing Activities

For the year ended December 31, 2013, our net cash used in financing activities was RMB507.8 million, reflecting new interest-bearing bank and other borrowings in the amount of RMB1,530.8 million offset by repayment of borrowings from related companies in the amount of RMB921.7 million and repayment of interest-bearing bank and other borrowings in the amount of RMB1,117.0 million. The new interest-bearing bank and other borrowings primarily represented a RMB680 million loan in relation to the continued development of our serviced apartments of our International Office Center project and a RMB601 million entrusted loan in relation to the development of our Hidden Dragon Bay project. Repayments reflected repayment of a RMB440 million loan in relation to our Hidden Dragon Bay project and a RMB25 million loan in connection with our operations of the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）.

For the year ended December 31, 2012, our net cash generated from financing activities was RMB288.7 million, primarily reflecting new interest-bearing bank and other borrowings in the amount of RMB462.8 million and borrowings from related companies in the amount of RMB98.1 million, offset by repayment of interest-bearing bank and other borrowings in the amount of RMB275.0 million. The new interest-bearing bank and other borrowings primarily reflected a US$42.0 million drawdown of an uncommitted facility for working capital purposes. In addition, new interest-bearing bank and other borrowings reflected RMB100.0 million which we used to pay contractors, RMB50.0 million for our Highlong Plaza operations and RMB50.0 million for our Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）operations. Repayments reflected repayment of a RMB100.0 million loan which we used to pay contractors, a RMB75.0 million loan in relation to our operation of the Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）and a RMB50.0 million loan in connection with our operation of Highlong Plaza.

For the year ended December 31, 2011, our net cash generated from financing activities was RMB819.5 million, primarily reflecting new interest-bearing bank and other borrowings in the amount of RMB1,126.0 million and borrowings from related companies in the amount of RMB302.9 million, offset by repayment of interest-bearing bank and other borrowings in the amount of RMB641.5 million. The new interest-bearing bank and other borrowings primarily reflected a US$78.2 million drawdown of a facility in relation to the continued development of our International Office Center project, a RMB173.0 million loan which we used to pay contractors, a RMB340.0 million loan in relation to the continued development of our Hidden Dragon Bay project, a RMB70.0 million loan in relation to our Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）operations and a RMB50.0 million loan in relation to our Highlong Plaza operations. The repayments primarily reflected repayments of a RMB521.5 million loan which we used to pay contractors, a RMB70.0 million loan for our Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）operations and a RMB50.0 million loan in relation to our Highlong Plaza operations.

DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Investment Properties

Our investment properties are completed properties. Investment properties are properties which we hold to earn rental income and/or capital appreciation. As of December 31, 2011, 2012 and 2013, the fair value of our investment properties were RMB1,995.6 million, RMB2,057.3 million and RMB2,501.0 million, respectively, and we held investment properties with a total GFA of 134,963 sq.m., 134,963 sq.m. and 159,291 sq.m, respectively.

The fair value of our investment properties increased to RMB2,501.0 million as of December 31, 2013 from RMB2,057.3 million as of December 31, 2012 primarily due to the RMB126.8 million in transfers from completed properties held for sale in relation to our Hidden Dragon Bay project and the RMB256.3 million increase in fair value upon such transfer. The fair value of our investment properties increased to RMB2,057.3 million as of December 31, 2012 from RMB1,995.6 million as of December 31, 2011 due primarily to the RMB61.7 million increase in the fair value of our Highlong Plaza project.

The following table sets forth the changes in the fair value of our investment properties as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as of January 1	1,840,800	1,995,600	2,057,300
Additions	2,170	–	–
Transfers from properties under development	–	–	–
Transfers from properties held for sale	–	–	126,808
Fair value gain upon transfer	–	–	256,292
Change in fair value of investment properties	152,630	61,700	60,600
Carrying amount	1,995,600	2,057,300	2,501,000

The following table sets forth the details of the fair value of our investment properties as of the dates indicated:

	As of December 31,					
	2011		2012		2013	
	GFA	Fair value	GFA	Fair value	GFA	Fair value
	(sq.m.)	*(RMB'000)*	*(sq.m.)*	*(RMB'000)*	*(sq.m.)*	*(RMB'000)*
Guomao Building	12,225	146,000	12,225	149,400	12,225	153,100
La Vie	341	14,200	341	14,200	341	14,800
Integrated Service Center	5,913	76,400	5,913	77,700	5,913	79,700
Highlong Plaza	105,599	1,639,600	105,599	1,693,700	105,599	1,741,200
Landscape Garden	10,885	119,400	10,885	122,300	10,885	127,700
Hidden Dragon Bay	–	–	–	–	24,328	384,500
Total	134,963	1,995,600	134,963	2,057,300	159,291	2,501,000

The fair value of our investment properties increased to RMB2,057.3 million as of December 31, 2012 from RMB1,995.6 million as of December 31, 2011 primarily due to the increase in fair value of Highlong Plaza to RMB1,693.7 million as of December 31, 2012 from RMB1,639.6 million as of December 31, 2011. In addition, the fair value of Guomao Building increased to RMB149.4 million as of December 31, 2012 from RMB146.0 million as of December 31, 2011. The fair value of Landscape Garden increased to RMB122.3 million as of December 31, 2012 from RMB119.4 million as of December 31, 2011. The increase in fair value for the properties mentioned above is primarily due to changing market conditions including increasing real estate market prices.

The fair value of our investment properties increased to RMB2,501.0 million as of December 31, 2013 from RMB2,057.3 million as of December 31, 2012 primarily as a result of the increase in fair value of Highlong Plaza and the completion of construction of Hidden Dragon Bay. The fair value of Highlong Plaza increased to RMB1,741.2 million as of December 31, 2013 from RMB1,693.7 million as of December 31, 2012. The fair value of RMB384.5 million as of December 31, 2013 from our Hidden Dragon Bay project was assessed according to existing market price derived from market comparables as set out in the Property Valuation Report in Appendix III of this prospectus. In addition, the fair value of Landscape Garden increased to RMB127.7 million as of December 31, 2013 from RMB122.3 million as of December 31, 2012. The fair value of the Integrated Service Center increased to RMB79.7 million as of December 31, 2013 from RMB77.7 million as of December 31, 2012. The increase in fair value for the properties mentioned above is primarily due to changing market conditions including increasing real estate market prices.

Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions, based on market comparables and evidences collected. The fair value of our investment properties may be higher or lower if the valuer uses a different set of bases or assumptions or if the valuation is conducted by other qualified independent professional valuers using the same or a different set of bases and assumptions.

As of December 31, 2011, 2012 and 2013, our investment properties with carrying amounts of RMB567.8 million, nil and RMB1,576.6 million, respectively, were pledged to secure interest-bearing bank and other borrowings outstanding as of such dates.

As of December 31, 2011, 2012 and 2013, our investment properties with carrying amounts of RMB1,268.0 million, RMB1,894.0 million and nil, respectively, were pledged to secure interest-bearing bank and other borrowings outstanding for certain related parties as of such dates.

Properties under development

Properties under development are stated at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

All properties under development during the Track Record Period were intended for sale. Going forward, we expect to have certain properties under development which are intended for investment. The decision on whether properties are held for sale or held for investment depends on various factors such as the prevailing and expected macroeconomic and regulatory environment, supply and demand of similar properties, and expected selling and rental prices. Please see the section headed "3.2 Summary of Significant Accounting Policies – Investment properties" in Appendix I of this prospectus for the relevant accounting policy relating to the transfer of completed properties held for sale to investment properties.

As of December 31, 2011, 2012 and 2013, our properties under development had carrying amounts of RMB2,446.0 million, RMB3,126.3 million and RMB2,835.2 million, respectively. Properties under development decreased to RMB2,835.2 million as of December 31, 2013 from RMB3,126.3 million as of December 31, 2012 primarily due to transfers to completed properties held for sale with a carrying amount of RMB1,416.9 million primarily in relation to the completion of development of our Hidden Dragon Bay project. Carrying amounts of our properties under development increased to RMB3,126.3 million as of December 31, 2012 from RMB2,446.0 million as of December 31, 2011 primarily as a result of the continued development of our Hidden Dragon Bay project.

The following table sets forth the changes in the carrying amount of our properties under development as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as of 1 January	1,583,876	2,446,049	3,126,267
Additions	864,613	680,218	1,125,869
Transfers to completed properties held for sale	(2,440)	–	(1,416,945)
Carrying amount	2,446,049	3,126,267	2,835,191

The following table sets forth the details of carrying amount of our properties under development as of the dates indicated:

Project	As of December 31, 2011	2012	2013	Actual/ expected construction completion date
	('000)	*('000)*	*('000)*	
Properties under development – current				
Hidden Dragon Bay	–	977,751	–	April 2013
Sub-total	–	977,751	–	
Properties under development – non-current				
International Office Center (Plot A3)	801,346	959,242	1,229,036	December 2014
Hangzhou Qiandao Lake Run Zhou Resort Hotel	225,864	248,747	328,381	October 2015
Hidden Dragon Bay	721,949	–	–	April 2013
Zhong An Times Square (Phase I)	359,219	533,043	659,274	November 2015
Zhong An Times Square (Phase II)	337,671	407,484	618,500	November 2015
Sub-total	2,446,049	2,148,516	2,835,191	
Total	2,446,049	3,126,267	2,835,191	

Certain properties under development with carrying amounts of RMB1,283.4 million, RMB1,552.0 million and RMB215.2 million as of December 31, 2011, 2012 and 2013 respectively, were pledged to secure interest-bearing bank and other borrowings.

Certain properties under development with carrying amounts of RMB561.4 million, RMB552.3 million and nil as of December 31, 2011, 2012 and 2013, respectively, were pledged to secure interest-bearing bank and other borrowings for certain related parties.

Completed properties held for sale

Completed properties held for sale are completed properties which we intend to hold for sale, including completed properties remaining unsold and properties pre-sold but not yet delivered, and are stated at the lower of cost and net realizable value. Costs reflect an apportionment of the total costs of land and buildings attributable to the unsold properties. As of December 31, 2011, 2012 and 2013, our completed properties held for sale had carrying amounts of RMB90.3 million, RMB76.2 million and RMB893.1 million, respectively.

Completed properties held for sale increased to RMB893.1 million as of December 31, 2013 from RMB76.2 million primarily as a result of a RMB1,416.9 million in transfer from properties under development as we completed the development of our Hidden Dragon Bay project. Completed properties held for sale decreased to RMB76.2 million as of December 31, 2012 from RMB90.3 million as of December 31, 2011 as a result of a RMB14.2 million transfer to cost of property sold primarily in relation to the sale of properties from our White Horse Noble Mansion project.

The following table sets forth the changes in our completed properties held for sale as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as of 1 January	147,212	90,302	76,152
Transfers from properties under development	2,440	–	1,416,945
Transfers to investment properties	–	–	(126,808)
Transfers to cost of property sold	(28,518)	(14,150)	(473,181)
Others	(30,832)	–	–
Carrying amount	90,302	76,152	893,108

The following table sets forth the details of carrying amount of our completed properties held for sale as of the dates indicated:

	As of December 31,			
Project	**2011**	**2012**	**2013**	**Date of completion**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	
Landscape Garden (Phases I & II)	13,715	12,960	12,866	September 2005 (Phase I); December 2006 (Phase II)
Integrated Service Center	3,146	3,146	3,146	August 2005
New White Horse Apartments	882	481	387	April 2008
White Horse Noble Mansion	72,559	59,565	58,819	December 2009
Hidden Dragon Bay	–	–	817,890	April 2013
Total	90,302	76,152	893,108	

Certain completed properties held for sale with carrying amounts of nil, nil and RMB382.4 million as of December 31, 2011, 2012 and 2013, respectively, were pledged to secure interest-bearing bank and other borrowings.

Investments in joint ventures

As of December 31, 2011, 2012 and 2013, our investments in joint ventures amounted to RMB177.5 million, RMB361.6 million and RMB412.4 million, respectively.

The following table sets forth a breakdown of our investments in joint ventures as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	9,703	10,696	46,487
Loans to joint ventures	167,779	350,926	365,961
Total	177,482	361,622	412,448

The loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment.

Particulars of our interest in the joint ventures are as follows:

			Percentage attributable to the Group			
	Place of registration	**Particulars of issued shares held**	**Equity interest**	**Voting power**	**Profit sharing**	**Principal activities**
			%	%	%	
Jiangsu Xiezhong Investment Co., Ltd.	PRC	Registered capital of RMB100 million	45	50	45	Investment holding
Jiangsu Jiarun Real Estate Co., Ltd.	PRC	Registered capital of RMB100 million	45	50	45	Property development

Investments in joint ventures increased to RMB412.4 million as of December 31, 2013 from RMB361.6 million as of December 31, 2012 primarily due to an increase in share of net assets to RMB46.5 million as of December 31, 2013 from RMB10.7 million as of December 31, 2012. Investments in joint ventures increased to RMB361.6 million as of December 31, 2012 from RMB177.5 million as of December 31, 2011 primarily due to an increase in loans to our joint ventures to RMB350.9 million as of December 31, 2012 from RMB167.8 million as of December 31, 2011 in relation to the acquisition of land for the continued development of Jia Run Square. The loans to joint ventures in the amount of RMB167.8 million primarily reflected loans for the acquisition of land in relation to the continued development of Jia Run Square.

Investments in an associate

As of December 31, 2011, 2012 and 2013, our investments in an associate, amounted to RMB179.0 million, RMB203.3 million and RMB45.1 million, respectively.

The following table sets forth a breakdown of our investments in an associate as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	178,969	203,347	45,086

Our associate, Hangzhou Danube, is a limited liability company established under the laws of the PRC on March 7, 2003. Immediately prior to the Reorganization, Hangzhou Danube was our Group's associated company and was owned as to 17.5% and 8.992% by Hangzhou Huijun and Hangzhou Junjie, respectively, being two of the then wholly owned subsidiaries of Huijun International and the then members of our Group, and as to 73.508% by Zhejiang Zhong An, being a member of the Remaining Zhong An Group. Hangzhou Danube's registered capital in the amount of RMB50 million was contributed by its then shareholders in proportion to their respective shareholding. The amount of capital contributed by Hangzhou Huijun and Hangzhou Junjie, respectively, being the then members of our Group in Hangzhou Danube amounted to RMB13.25 million. As of the Latest Practicable Date, the registered capital of Hangzhou Danube has been fully paid up. Please refer to the section headed "History, Reorganization and Corporate Structure – The Reorganization" in this prospectus for further information on the disposal of our minority interest in Hangzhou Danube.

Investments in an associate decreased to RMB45.1 million as of December 31, 2013 from RMB203.3 million as of December 31, 2012 primarily as a result of dividends paid by an associate in the first half of 2013. Investments in an associate increased to RMB203.3 million as of December 31, 2012 from RMB179.0 million as of December 31, 2011 primarily due to the continued development of Hangzhou Danube and Hangzhou Danube generating net profits in 2011 and 2012.

Prepayments, deposits and other receivables

As of December 31, 2011, 2012 and 2013, our prepayments, deposits and other receivables amounted to RMB374.1 million, RMB97.9 million and RMB61.0 million, respectively.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Advance to suppliers	83,964	3,995	1,494
Deposits			
– for acquisition of a subsidiary	210,000	–	–
– others	1,111	1,551	1,072
Prepaid tax	45,903	50,905	16,868
Other receivables	33,158	41,494	41,576
Total	374,136	97,945	61,010

Advance to suppliers primarily represents payments to construction contractors. Advances to suppliers decreased to RMB1.5 million as of December 31, 2013 from RMB4.0 million as of December 31, 2012 primarily as the construction of our Hidden Dragon Bay project neared completion. Advances to suppliers decreased to RMB4.0 million as of December 31, 2012 from RMB84.0 million as of December 31, 2011 primarily as a result of the substantial advances we made in 2011 in connection with the continued development of Hidden Dragon Bay and the serviced apartments portion of our International Office Center project.

Deposits primarily reflect deposits for acquisition of a subsidiary in relation to the acquisition of Huijun International in 2007. In connection with the acquisition of Huijun International from Huijian Architectural Design Limited, Ideal World also acquired the rights to a HK$218.0 million shareholder loan from Huijun Architectural Design Limited to Huijun International for the amount of US$28.8 million. As a guarantee for the US$28.8 million payment, we deposited RMB210.0 million in a RMB bank account designated by Huijun Architectural Design Limited. The deposit was subsequently settled.

Prepaid tax represents taxes we paid in connection with our pre-sales. Prepaid tax decreased to RMB16.9 million as of December 31, 2013 from RMB50.9 million as of December 31, 2012 primarily due to a decrease in our pre-sales in relation to our Hidden Dragon Bay project as we completed our Hidden Dragon Bay project in April 2013 and commenced delivery of the completed serviced apartments in 2013. Prepaid tax increased to RMB50.9 million as of December 31, 2012 from RMB45.9 million as of December 31, 2011 primarily as a result of the increase in pre-sales in relation to our Hidden Dragon Bay project as we commenced pre-sales of the serviced apartments in October 2010.

Other receivables primarily represent deposits for leases and deposits for suppliers. Other receivables increased to RMB41.6 million as of December 31, 2013 from RMB41.5 million as of December 31, 2012 primarily as a result of our payment of certain prepaid service fees. Other receivables increased to RMB41.5 million as of December 31, 2012 from RMB33.2 million as of December 31, 2011 primarily due to the general increase in our operations.

Trade receivables

Trade receivables primarily consist of receivables from property leases. The credit period is generally one month, extending up to three months for major customers. As of December 31, 2011, 2012 and 2013, our trade receivables amounted to RMB2.7 million, RMB2.8 million and RMB9.3 million, respectively. As of April 30, 2014, approximately 62.4% (representing RMB5.8 million) of our trade receivables as of December 31, 2013 had been settled. Trade receivables increased to RMB9.3 million as of December 31, 2013 from RMB2.8 million as of December 31, 2012 primarily due to the timing of rental payments relating to certain leases in connection with our Highlong Plaza project. Trade receivables remained steady at RMB2.8 million as of December 31, 2012 and RMB2.7 million as of December 31, 2011.

As of December 31, 2011, 2012 and 2013, our trade receivable turnover days were 11.8 days, 6.2 days and 2.5 days, respectively. All balances of the trade receivables as of the periods indicated were neither past due nor impaired and trade receivables are non-interest-bearing and unsecured.

Trade payables

Trade payables primarily consist of payables to suppliers and construction contractors and are unsecured and interest-free. The credit period is generally one month. As of December 31, 2011, 2012 and 2013, our trade payables amounted to RMB266.3 million, RMB220.8 million and RMB466.2 million, respectively. As of April 30, 2014, we had settled approximately 2.4% (representing RMB11.3 million) of our trade payables as of December 31, 2013.

Trade payables increased to RMB466.2 million as of December 31, 2013 from RMB220.8 million as of December 31, 2012 primarily as a result of the construction of Zhong An Times Square (Phase II) and the serviced apartments portion of our International Office Center projects and the completion of construction of Hidden Dragon Bay. Trade payables decreased to RMB220.8 million as of December 31, 2012 from RMB266.3 million as of December 31, 2011 primarily as a result of the commencement of construction of our Hidden Dragon Bay project in April 2010 and, accordingly, an increase in trade payables to suppliers and construction contractors in 2011, as well as the continued construction of our serviced apartments portion of International Office Center.

The following table sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	243,169	126,099	429,927
Over six months but within one year	3,964	79,709	14,846
Over one year	19,176	14,977	21,451
Total	266,309	220,785	466,224

As of December 31, 2011, 2012 and 2013, our trade payables turnover days were 1,268.8 days, 1,833.6 days and 247.3 days, respectively. Trade payables turnover days increased from 1,268.8 days as of December 31, 2011 to 1,833.6 days as of December 31, 2012 primarily due to the continued construction of our International Office Center and Hidden Dragon Bay projects. Trade payables turnover days decreased to 247.3 days as of December 31, 2013 primarily due to the completion of construction of our Hidden Dragon Bay project. The high turnover days are primarily due to the mismatch between the recognition of cost of sales at project completion and the large amount of accrued payables outstanding on projects under development. Trade payables turnover days are derived by dividing the average of the beginning and the closing balances of trade payables, which are affected by the scale of our development activities conducted during the relevant period, by cost of sale, which is affected by our properties completed and delivered during the period, and multiplying by the number of days in the period.

Other payables and accruals

As of December 31, 2011, 2012 and 2013, our other payables and accruals amounted to RMB59.9 million, RMB75.4 million and RMB85.0 million, respectively.

The following table sets forth a breakdown of our other payables and accruals for the dates indicated:

	As of December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Deposits related to construction	5,653	18,949	19,240
Tax surcharges	21,422	21,550	22,828
Payables for acquisition of subsidiaries	15,059	15,059	15,059
Other payables	17,716	19,804	27,849
Total	59,850	75,362	84,976

Deposits related to construction primarily reflect deposits from contractors in connection with the contractor bidding process which are returned to unsuccessful bidders and security deposits upon their entering in contracts with us. Deposits related to construction increased to RMB19.2 million as of December 31, 2013 from RMB18.9 million as of December 31, 2012 primarily as a result of the increase in deposits related to the continuing construction of our Times Square project. Deposits related to construction increased to RMB18.9 million as of December 31, 2012 from RMB5.7 million as of December 31, 2011 primarily due to the continued construction of our Hidden Dragon Bay project and the commencement of construction of Zhong An Times Square (Phase II) in July 2012.

Tax surcharges primarily reflect tax payables in connection with our pre-sales. Tax surcharges increased to RMB22.8 million as of December 31, 2013 from RMB21.6 million as of December 31, 2012 primarily as a result of the completion of construction of our Hidden Dragon Bay project. Tax surcharges increased to RMB21.6 million as of December 31, 2012 from RMB21.4 million as of December 31, 2011 primarily as a result of pre-sales in relation to our Hidden Dragon Bay project.

Payables for acquisition of subsidiaries relate to the acquisition of Huijun International in 2007 and the acquisition in relation to our Hangzhou Qiandao Lake Run Zhou Resort in 2009. Payables for acquisition of subsidiaries remained at RMB15.1 million throughout the Track Record Period.

Other payables consist primarily of deposits paid by tenants of our Highlong Plaza and employee benefits. Other payables increased to RMB27.8 million as of December 31, 2013 from RMB19.8 million as of December 31, 2012 and increased to RMB19.8 million as of December 31, 2012 from RMB17.7 million as of December 31, 2011. The continuing increase of payables during the Track Record Period was primarily due to the increase in rental deposits paid by tenants of our Highlong Plaza.

Advances from customers

Advances from customers represent proceeds from the pre-sale of our properties and commercial management service fees we receive from lessees. As of December 31, 2011, 2012 and 2013, our advances from customers amounted to RMB382.8 million, RMB715.3 million and RMB6.9 million, respectively.

Advances from customers decreased to RMB6.9 million as of December 31, 2013 from RMB715.3 million as of December 31, 2012 primarily as a result of our delivery of serviced apartments from our Hidden Dragon Bay project in April 2013.

Advances from customers increased to RMB715.3 million as of December 31, 2012 from RMB382.8 million as of December 31, 2011 primarily due to the continued pre-sales of the serviced apartments in our Hidden Dragon Bay project.

The following table sets forth a breakdown by project of our advances received from pre-sales as of the dates indicated:

	As of December 31,		
Project	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Hidden Dragon Bay	382,929	713,381	5,188
White Horse Noble Mansion	(1,235)	50	50
New White Horse Apartments	60	60	60
Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店)	1,003	1,506	753
Highlong Plaza	–	272	826
Total	382,757	715,269	6,877

For the year ended December 31, 2011, we pre-sold our White Horse Noble Mansion project. Upon delivery of such properties, the actual GFA of the delivered properties were larger than the estimated GFA reported during the pre-sale of the same property. Therefore, customers were required to pay the difference in the GFA amount, and as a result, this led to a negative amount of RMB1.2 million in our advances received from our pre-sales as at December 31, 2011.

Amounts due from and to related parties

Amounts due from and to related parties primarily represented the movement of working capital within the Zhong An Group during the Track Record Period. Prior to Listing, fund and cash management was centralized at the Zhong An Group. We used amounts due to related parties primarily for funding the development of our properties under development and investment properties. Amounts due from the related parties were interest-free, unsecured and have no fixed terms of repayment except for the amounts due from Zhong An Group Co., Ltd., which bore interest rates ranging from 0.1% to 1.0% over the Track Record Period. Amounts due to the related parties were interest-free, unsecured and have no fixed terms of repayment except for the amounts due to Hangzhou Danube Real Estate Co., Ltd., which bore the interest rate of 6.0% for the year ended 31 December 2012 and amounts due to Yuyao Zhong An Property Development Co., Ltd., which bore interest rates of 11.3% and 12.0% for the years ended 31 December 2012 and 2013, respectively. There were no amounts due to Hangzhou Danube Real Estate Co., Ltd in 2011 and 2013 and no amounts due to Yuyao Zhong An Property Development Co., Ltd in 2011.

As of December 31, 2011, 2012 and 2013, amounts due from related parties amounted to RMB2,102.3 million, RMB2,148.7 million and RMB1,700.4 million, respectively.

As at December 31, 2013, there was a net amount of approximately RMB608.8 million due to our Group in the PRC from our related parties in the PRC, all being members of the Remaining Zhong An Group. Such amount had been fully settled in cash as at the Latest Practicable Date.

The following table sets for the details of amounts due from related parties as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Real Estate Limited	85,442	86,977	321,552
Zhong An Group Co., Ltd.	1,254,982	1,125,720	635,374
Ideal World Investments Limited	239,089	239,250	40,864
Hong Kong Huiyuan Real Estate Limited	178,377	241,292	162,315
Hangzhou Danube Real Estate Co., Ltd.	117,674	39,864	36
Hong Kong Bo Kai Construction Design Limited	94,584	126,042	94,898
Esteem High Enterprises Limited	126,111	289,565	122,299
Anhui Zhong An Real Estate Co., Ltd.	6,000	–	5,114
Cixi Zhongan Property Co., Ltd.	–	–	11,820
Hangzhou Zhong An Property Co., Ltd.	–	–	306,170
Zhejiang Zhong An Property Co., Ltd.	–	15	–
Total	2,102,259	2,148,725	1,700,442

During the Track Record Period, our Group did not make any advances to or from non-financial institutions other than members of the Remaining Zhong An Group. Furthermore, certain members of our Group (including their respective predecessor companies prior to demergers pursuant to the Reorganization) made either interest-free or interest-bearing advances to members of the Remaining Zhong An Group. According to the General Rules on Loans（《貸款通則》）promulgated by PBOC in 1996, lending among non-financial institutions is prohibited. A corporation in violation of such regulation may be subject to a fine of one to five times of its illegal income. However, the above advances to related corporate entities were part of an intra-group working capital funding arrangement prior to the Reorganization. Such arrangements, which were not for profit purposes, were made in order to facilitate the intra-group working capital allocation according to the actual needs of the member companies controlled by Zhong An. No disputes have ever arisen from these funding arrangements and our Group has never been penalized by the PBOC as at the Latest Practicable Date. Our Group had settled all such advances to related corporate entities as at the Latest Practicable Date. As advised by our PRC Legal Advisors, in practice, the PBOC generally penalizes non-qualified lenders who have materially disrupted the financial market by conducting the business of lending or frequently providing loans to other entities, however our Group is not a lender who primarily engages in the business of lending or frequently providing loans to other entities in the public domain. Our PRC Legal Advisors have further advised that our Group is very unlikely to be penalized retrospectively by the PBOC because (a) our Group is not a lender who primarily engages in the business of lending or frequently providing loans to other entities in the public domain and there are no advances to or from non-financial institutions other than intra-group entities and financial institutions; (b) our Group has never been penalized by the PBOC under the General Rules on Loans, (c) the treatment of the above advances to related corporate entities are in compliance with the relevant provisions of the "Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Levy of Business Tax on Uniformly Taking out and Repaying Loan Service Supplied by Non-financial Institutions" 《財政部、國家稅務總局關於非金融機構統借統還業務徵收營業稅問題的通知》 promulgated by the Ministry of Finance and the State Administration of Taxation with effective date of January 1, 2000 and the "Circular of the State Administration of Taxation on Printing and Distributing the Measures for the Handling of Enterprise Income Tax on Real Estate Development and Operation" 《國家稅務總局關於印發《房地產開發經營業務企業所得稅處理辦法》的通知》 promulgated by the State Administration of Taxation on March 6, 2009 and all interest has been settled within the intra-group companies on the basis of the loan interest rate stipulated by the PBOC for the corresponding period which is in compliance with the "Circular of the State Administration of Taxation on Printing and Distributing the Measures for the Handling of Enterprise Income Tax on Real Estate Development and Operation" 《國家稅務總局關於印發《房地產開發經營業務企業所得稅處理辦法》的通知》.

As at April 30, 2014, there was a net amount of approximately RMB91.8 million due to our Group in the PRC from our related parties in the PRC, all being members of the Remaining Zhong An Group. Such amount has been fully settled partly by cash and the remaining amount by assignment and set-off as at the Latest Practicable Date.

As at April 30, 2014, there was a net amount of approximately RMB963.5 million due from our Group to our related parties outside the PRC, all being members of the Remaining Zhong An Group. Such net amount has been fully settled by way of issuance of new Shares by our Company as part of the Reorganization. Please refer to the paragraph headed "The Reorganization" under the section headed "History, Reorganization and Corporate Structure" for further details for the novation, assignment and set-off of offshore debts and capitalization issue and the assignment and set-off of onshore debt.

The following table sets for the details of amounts due to related parties as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Real Estate Limited	1,635,074	1,424,726	1,353,418
Ideal World Investments Limited	1,134,613	1,134,622	1,095,823
Hangzhou Danube Real Estate Co., Ltd.	429,825	119,611	–
Hong Kong Bo Kai Construction Design Limited	4,799	4,802	4,656
Anhui Zhong An Real Estate Co., Ltd.	5,100	5,173	200
Yuyao Zhong An Property Co., Ltd.	139,076	142,449	693
Yuyao Zhong An Property Development Co., Ltd.	–	591,594	231,249
Hangzhou Anyuan Property Development Co., Ltd.	–	192,800	–
Zhejiang Zhongan Property Development Co., Ltd.	19,500	–	–
Zhejiang Anyuan Agriculture Development Co., Ltd.	200	200	–
Zhejiang Zhong An Property Co., Ltd.	–	639	–
Qirui Enterprise Management Co., Ltd.	–	–	9,108
Plenty Management Limited	–	–	41,625
Hangzhou Xiaoshan Property Management Co., Ltd.	–	–	541
Total	3,368,187	3,616,616	2,737,313

Save for the amounts payable by the Remaining Zhong An Group in respect of the continuing connected transactions as referred to in the section headed "Continuing Connected Transactions" in this prospectus, which will be settled in accordance with the respective terms and conditions of the relevant agreements, the balance of any outstanding amounts due from or to any of our Controlling Shareholder, their respective associates and related parties has been settled by way of loan capitalization or repaid in full as at the Latest Practicable Date.

Net Current Liabilities

Our current assets consist primarily of completed properties held for sale, properties under development, prepayments, deposits and other receivables, amount due from related companies, restricted cash and cash and cash equivalents. Our current liabilities consist primarily of amounts due to related companies, interest-bearing bank and other borrowings, trade payables, other payables and accruals and advances from customers.

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2011	**2012**	**2013**	**2014**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Current assets				
Completed properties held for sale	90,302	76,152	893,108	873,862
Properties under development	–	977,751	–	–
Inventories	4,975	4,086	3,970	5,427
Trade receivables	2,740	2,812	9,270	8,847
Prepayments, deposits and other receivables	374,136	97,945	61,010	61,638
Amount due from related companies	2,102,259	2,148,725	1,700,442	2,742,257
Restricted cash	8,651	27,166	3,415	2,866
Cash and cash equivalents	149,408	179,500	223,993	685,419
Total current assets	2,732,471	3,514,137	2,895,208	4,380,316
Current Liabilities				
Trade payables	266,309	220,785	466,224	431,050
Other payables and accruals	59,850	75,362	84,976	91,640
Advances from customers	382,757	715,269	6,877	8,696
Amount due to related companies	3,368,187	3,616,616	2,737,312	3,609,972
Interest-bearing bank and other borrowings	200,000	565,000	100,000	1,038,636
Tax payable	156,439	153,082	211,877	203,228
Total current liabilities	4,433,542	5,346,114	3,607,267	5,383,222
Net current liabilities	(1,701,071)	(1,831,977)	(712,059)	(1,002,906)

Net current liabilities increased to RMB1,003.0 million as of April 30, 2014 from RMB712.1 million as of December 31, 2013 primarily due to an increase of interest-bearing bank borrowings which will become due within one year as of April 30, 2014.

Net current liabilities decreased to RMB712.1 million as of December 31, 2013 from RMB1,832.0 million as of December 31, 2012 primarily due to the decrease in advances from customers to RMB6.9 million as of December 31, 2013 from RMB715.3 million as of December 31, 2012 in large part as a result of the sale and delivery of serviced apartments from our Hidden Dragon Bay project in April 2013. Net current liabilities increased to RMB1,832.0 million as of December 31, 2012 from RMB1,701.1 million as of December 31, 2011 primarily due to a RMB248.4 million increase in amounts due to related companies and a RMB365.0 million increase in interest-bearing bank and other borrowings. The increase in amounts due to related companies and interest-bearing bank and other borrowings as of December 31, 2012 was primarily for the continued construction of our properties under development. The increase in amounts due to related companies and advances from customers was primarily due to the continued development and commencement of pre-sales of our Hidden Dragon Bay project.

Operating Lease Commitments

We lease out a number of our investment properties under operating lease arrangements with terms ranging from one to 25 years. Under these leases, the tenants are generally required to pay security deposits and rent is subject to periodic adjustments to reflect the then prevailing market conditions.

The following table sets forth our future minimum lease payment receivables under non-cancellable operating leases as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	54,349	55,827	67,234
In the second to fifth years, inclusive	118,428	117,812	144,378
After five years	30,062	25,291	46,292
Total	202,839	198,930	257,904

We also lease certain of our office premises under operating lease arrangements for a term of five years with an option of renewal after the expiration date, at which time all terms will be renegotiated.

The following table sets forth our future minimum lease payment payables under non-cancellable operating leases as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,831	1,253	2,671
In the second to fifth years, inclusive	1,843	1,080	10,935
After five years	2,649	2,369	20,885
Total	6,323	4,702	34,491

Operating lease commitments increased to RMB34.5 million as of December 31, 2013 from RMB4.7 million as of December 31, 2012 primarily as a result of our leasing of car parking spaces near Highlong Plaza.

Working Capital

Taking into account our cash generated from our operations, cash and cash equivalents, available banking and credit facilities and the estimated net proceeds from the Global Offering, our Directors are satisfied, after due and careful inquiry, that we will have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus. We are not aware of any material change to the underlying drivers of our source of cash subsequent to December 31, 2013 and up to the Latest Practicable Date except as otherwise disclosed in this prospectus.

Capital Expenditures

Our capital expenditures for the purchases of fixed assets during the Track Record Period primarily represented expenditures for property and equipment.

The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Property development	3,569	140	1,123
Property rental	3,557	44	908
Hotel operations	296	310	1,905
Other	36,037	–	4,406
Total	43,459	494	8,342

The decrease in capital expenditures for the purchases of fixed assets to RMB0.5 million in 2012 from RMB43.5 million in 2011 was primarily because we incurred significant capital expenditures in relation to the exterior building renovation of our Highlong Plaza and the purchase of vehicles used by our sales office in 2011. Capital expenditures for the purchases of fixed assets increased to RMB8.3 million in 2013 from 2012 also primarily in relation to the purchase of an office in relation to our Xihu Guomao Center project.

The table below summarizes our major near-term expected expenditure (including payments for our capital commitments and contractual obligations) based on our current project plans, target costs and internal estimates as of December 31, 2013, which are subject to change:

	Expected payments	
	For the year ending December 31, 2014	**For the six months ending June 30, 2015**
	RMB'000	*RMB'000*
Development costs[1]	2,262,844	1,346,371
Repayment of bank and other loans	150,000	1,637,200

Note:

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

Capital Commitments

Our capital commitments primarily related to development costs.

We had the following capital commitments as of the dates indicated:

	As of December 31,		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
Properties under development	271,746	551,155	888,605

The following table sets forth a breakdown of our capital commitments for projects under development by project phase as of the dates indicated:

Project	As of December 31, 2011	2012	2013
	('000)	('000)	('000)
Hidden Dragon Bay	71,827	154,528	–
White Horse Noble Mansion	12,867	12,847	–
New White Horse Apartments	13,468	7,640	–
International Office Center	163,736	162,230	318,325
Zhong An Times Square (Phase II)	9,848	76,319	476,864
Zhong An Times Square (Phase I)	–	27,981	37,598
Hangzhou Qiandao Lake Run Zhou Resort Hotel	–	109,610	55,818
Total	271,746	551,155	888,605

INDEBTEDNESS

The following table sets forth a breakdown of our bank loans and other loans as of the dates indicated:

	As of December 31, 2011	2012	2013	As of April 30, 2014
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Current				
Bank loans – secured	150,000	515,000	50,000	988,636
Bank loans – unsecured	50,000	50,000	50,000	50,000
	200,000	565,000	100,000	1,038,636
Non-current				
Bank loans-secured	932,951	755,737	1,733,568	1,867,498
Other loans – secured	–	–	601,000	601,000
	932,951	755,737	2,334,568	2,468,498
Total	1,132,951	1,320,737	2,434,568	3,507,134

Our bank loans and other borrowings during the Track Record Period were denominated in Renminbi and U.S. dollars. As of December 31, 2011, 2012, 2013 and April 30, 2014, outstanding bank loans and other borrowings amounted to RMB1,133.0 million, RMB1,320.7 million, RMB2,434.6 million and RMB3,507.1 million, respectively. Our unutilized banking facilities amounted to RMB10.3 billion as of April 30, 2014. Of these unutilized banking facilities, RMB1.2 billion were committed and unrestricted. We did not encounter any difficulties in obtaining bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

Most of our bank loans and other borrowings were secured by our assets, including investment properties, properties under development, completed properties held for sale and pledged deposits, with an aggregate carrying amount of RMB2,065.0 million, RMB900.5 million, RMB692.0 million and RMB95.8 million, respectively, as of April 30, 2014. The material covenants of certain of our borrowings include restrictions on our ability to change our business, create additional pledges on assets already pledged absent consent and sell, transfer or otherwise dispose of all or material part of our assets. There are no additional material covenants relating to our outstanding bank loans and other loans. None of our credit facility commitment letters contain any covenants on financial ratios, including gearing ratio, and debt-to-equity ratio, that would prevent us from using our unutilized banking facilities. While some of our banking facilities were, among other terms, secured by corporate guarantees and/or other security provided by Zhong An and/or other member(s) of the Remaining Zhong An Group, the banks agreed to release all such security provided by Zhong An and/or its associates upon the Listing. During the Track Record Period and up to the Latest Practicable Date, we had not defaulted on our repayments or other obligations in any material respect under our loan agreements. We do not expect the recent global financial market volatility or credit tightening in the PRC to materially affect our ability to obtain external financing going forward. Our Directors confirm that we have not had any material defaults in the payment of trade and non-trade payables and bank loans and other loans.

The following table sets forth the effective interest rates of bank loans and other borrowings for the periods indicated:

	As of December 31,			**As of April 30,**
	2011	**2012**	**2013**	**2014**
	(%)	*(%)*	*(%)*	*(%)*
Effective interest rates	1.95-7.54	2.17-7.80	3.66-12.00	3.65-12.00

The following table sets forth a breakdown of our bank loans and other borrowings by maturity date as of the dates indicated:

	As of December 31,			**As of April 30,**
	2011	**2012**	**2013**	**2014**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Within one year or on demand	200,000	565,000	100,000	1,038,636
Over one year but within two years	440,000	491,746	1,537,070	601,000
Over two years but within five years	492,951	263,991	97,498	817,498
Over five years	–	–	700,000	1,050,000
Total	1,132,951	1,320,737	2,434,568	3,507,134

Except as disclosed above and in the section headed "Contingent Liabilities" and other than intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits of hire purchase commitments as of April 30, 2014, being the latest practicable date for the purpose of the indebtedness statement.

The following table sets forth certain details of our bank loans and other borrowings as of the Latest Practicable Date:

Date	Lender	Amount	Type	Effective interest rates	Maturity	Use	Security and/or guarantees
April 3, 2012	Agricultural Bank of China (Hong Kong Branch)	USD42,000,000	Uncommitted revolving loan facility	Libor + 3.5%	February 24, 2015	Working capital	Investment properties
November 8, 2013	Agricultural Bank of China	RMB30,000,000	Term loan	6.6%	November 7, 2014	Working capital	Guaranteed by Zhejiang Zhong An Sheng Long
April 22, 2014	Agricultural Bank of China	RMB50,000,000	Term loan	6.72%	October 21, 2014	Working capital	Investment properties, property and equipment and guaranteed by Zhejiang Zhong An Sheng Long
May 24, 2013	China Merchants Bank	RMB200,000,000	Term loan	7.38%	January 31, 2015	Development of serviced apartments at International Office Center	Land use right of properties under development
June 21, 2013	Huarong Xiangjiang Bank	RMB601,000,000	Entrusted loan	9%	June 21, 2015	Payment to construction contractors in relation to the development of Hidden Dragon Bay	Completed properties
September 25, 2013	Agricultural Bank of China	RMB20,000,000	Term loan	6.6%	September 24, 2014	Working capital	Guaranteed by Zhejiong Zhong An Sheng Long
September 25, 2013	China Merchants Bank	RMB480,000,000	Term loan	7.38%	January 31 2015	Development of serviced apartments at International Office Center	Land use right of properties under development
November 14, 2013	First Sino Bank	RMB97,497,800	Term loan	7.995%	May 31, 2017	Working capital	Investment properties Land use right of completed properties guaranteed by Zhong An Property Development Xiaoshan

Date	Lender	Amount	Type	Effective interest rates	Maturity	Use	Security and/or guarantees
June 28, 2013	Industrial Bank Co., Ltd	RMB700,000,000	Term loan	8.70%	June 28, 2023	Operation of properties	Investment properties guaranteed by our company
March 10, 2014	Agricultural Bank of China	RMB600,000,000	Term loan	6.88%	March 9, 2024	Working capital	Investment properties
January 14, 2014	Ping An Bank	RMB720,000,000	Term loan	10%	January 13, 2019	Development of Times Square Phase II	Leisure Mansious Lavel use right of properties under development

We expect to seek and to be able to obtain bank loans and other borrowings on terms similar to the bank loans and other borrowings we secured and utilized during the Track Record Period. We expect such cash generated from financing activities to be used primarily for our capital commitments as well as to repay existing bank loans and other borrowings. In addition, we expect to generate cash from our sale of properties from our Hidden Dragon Bay project and the commencement of pre-sales from Zhong An Times Square (Phase II) as well as from our property leasing and property management and hotel operations.

Contingent Liabilities

For pre-sale of properties under development, we typically provide guarantees to the banks in connection with our customers' mortgage loans to finance their purchase of the properties. Our guarantees are released upon the bank receiving the building ownership certificate of the respective properties from customers as pledges for security to the mortgage loan granted. If any purchaser defaults on the mortgage payment during the terms of the respective guarantee, the bank may demand that we repay the outstanding amount of such defaulting purchaser's mortgage loan and any accrued interest thereon. As of December 31, 2011, 2012 and 2013 and April 30, 2014, our outstanding guarantees for mortgage loans in connection with our pre-sold properties were RMB102.3 million, RMB213.1 million, RMB222.9 million and RMB131.1 million, respectively. During the Track Record Period, we did not encounter any default on such mortgage loans. We also provided guarantees to banks in connection with facilities granted to our related companies in the amount of nil, RMB160.0 million, RMB160.0 million and nil as of December 31, 2011, 2012 and 2013 and April 30, 2014.

As of April 30, 2014, we had no other contingent liabilities other than those disclosed in this prospectus.

We confirm that there has not been any material change in our indebtedness position since April 30, 2014.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except as disclosed in this prospectus, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

Property Value Reconciliation

CBRE Limited, an independent property valuer, has valued our property interests as of December 31, 2013. The full text of the letter, summary of valuation and valuation certificates with respect to such property interests are set out in Appendix III to this prospectus.

The table below sets forth the reconciliation between the net book value of certain property interests as of December 31, 2013 as set out in Appendix I to this prospectus and the valuation of such property interests as of April 30, 2014 as set out in Appendix III to this prospectus:

	RMB'000
Net book value of the following properties as of December 31 , 2013	
Buildings	45,313
Hotel properties	126,988
Investment properties	2,501,000
Properties under development	2,835,191
Completed properties held for sale	893,108
Properties owned by a joint venture	472,868
	6,874,468
Add: Additions during the period from January 1, 2014 to April 30, 2014	255,113
Less: Sold during the period from January 1, 2014 to April 30, 2014	(11,212)
Less: Depreciation during the period from January 1, 2014 to April 30, 2014	(8,630)
Net book value of the properties as of April 30, 2014	**7,109,739**
Net valuation surplus	**9,870,461**
Valuation of properties as of April 30, 2014 as set out in the property valuation report in Appendix III to this prospectus	**16,980,200**

MARKET RISKS

We are exposed to various types of market risks from its use of financial instruments, in the normal course of our operations, mainly including interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest Rate Risk

Our interest rate risk relates primarily to our bank and other borrowings with floating interest rates. The interest rates of our bank loans were determined and adjusted according to the benchmark one-year interest rate announced by the PBOC, which was 6.56%, 6.31% and 6.00% in 2011, 2012 and 2013, respectively. We currently have not entered into interest rate swaps to hedge against our interest rate risk but will closely monitor the interest rate risk exposure in the future.

Foreign Currency Risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rates will affect our financial results and cash flows.

All of our transactions are conducted in Renminbi. Most of our assets and liabilities are denominated in Renminbi except for certain bank balances and bank loans denominated in U.S. dollars and HK dollars. We expect to continue to incur our costs, and to recognize revenue, in Renminbi. As a result, our management does not believe we are exposed to significant foreign currency risk.

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 statement of financial position.

Liquidity Risk

We review our liquidity position on an on-going basis and we have built an appropriate liquidity risk management framework for short-term funding and liquidity management requirements. We manage liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows, sale/pre-sale results of our respective property projects and the progress of planned property development projects.

MAJOR FINANCIAL RATIOS

		Year ended December 31,		
	Note	**2011**	**2012**	**2013**
Return on equity (%)	*1*	12.5%	4.1%	15.6%
Return on total assets (%)	*2*	3.2%	1.0%	4.4%

		As of December 31,		
		2011	**2012**	**2013**
Current ratio	*3*	0.6	0.7	0.8
Gearing ratio	*4*	56.3%	62.8%	95.8%
Debt to equity ratio	*5*	48.9%	54.3%	87.0%
Interest coverage ratio	*6*	29.5	105.2	–

Notes:

1. Return on equity for the years ended December 31, 2011, 2012 and 2013 is calculated by dividing profit for the year by total equity.

2. Return on total assets for the years ended December 2011, 2012 and 2013 is calculated by dividing profit for the year by total assets

3. Current ratios as of December 31, 2011, 2012 and 2013 is calculated by dividing total current assets by total current liabilities.

4. Gearing ratios as of December 31, 2011, 2012 and 2013 is calculated by dividing total interest-bearing bank and other borrowings by total equity.

5. Debt to equity ratios as of December 31, 2011, 2012 and 2013 is calculated by dividing net debt by total equity. Net debt comprises all total interest-bearing bank and other borrowings net of cash and cash equivalents.

6. Interest coverage ratios as of December 31, 2011, 2012 and 2013 is calculated by dividing profit before interest and tax by finance cost.

Return on equity

Our return on equity was 12.5%, 4.1% and 15.6% for the years ended December 31, 2011, 2012 and 2013. The decrease in return on equity in 2011 and 2012 was primarily as a result of the increase in properties under development in connection with the construction of our Hidden Dragon Bay project. In addition, return on equity decreased to 4.1% in 2012 due primarily to a change in fair value of investment properties of RMB61.7 million in 2012 compared to RMB152.6 million in 2011 and a share of profits of an associate of RMB24.4 million in 2012 compared to RMB98.6 million in 2011. Return on equity increased to 15.6% in 2013 from 4.1% in the 2012 in large part due to the substantial increase in our revenue as a result of the commencement of deliveries of serviced apartments from our Hidden Dragon Bay project in April 2013.

Return on total assets

Our return on total assets was 3.2%, 1.0% and 4.4% for the years ended December 31, 2011, 2012 and 2013. The decrease in return on assets in 2011 and 2012 was also primarily as a result of the increase in properties under development in connection with the construction of our Hidden Dragon Bay project. Return on assets increased to 4.4% in 2013 from 1.0% in 2012 in large part due to the substantial increase in our revenue and profit as a result of the commencement of deliveries of serviced apartments from our Hidden Dragon Bay project in April 2013.

Current ratio

Our current ratio was 0.6, 0.7 and 0.8 as of December 31, 2011, 2012 and 2013. Our current ratio remained stable as of December 31, 2011 and 2012. Our current ratio increased as of 2013 primarily as a result of the continued construction and subsequent completion of construction of our Hidden Dragon Bay project and the resulting increase in properties under development and completed properties for sale.

Gearing ratio

Our gearing ratio increased during the Track Record Period and was 56.3%, 62.8% and 95.8% as of December 31, 2011, 2012 and 2013 primarily as a result of the construction of our Hidden Dragon Bay and International Office Center projects.

Debt to equity ratio

Our debt to equity ratio was 48.9%, 54.3% and 87.0% as of December 31, 2011, 2012 and 2013. Debt to equity ratio increased to 54.3% as of December 31, 2012 from 48.9% as of December 31, 2011 due to the increase in our borrowings as we commenced construction of our Zhong An Times Square (Phase II) and Hangzhou Qiandao Lake Run Zhou Resort Hotel projects in 2012. Debt to equity ratio increased to 87.0% as of December 31, 2013 from 54.3% as of December 31, 2012 primarily as a result of the increase in cash and cash equivalents in relation to the commencement of delivery of serviced apartments in April 2013 from our Hidden Dragon Bay project.

Interest coverage ratio

Our interest coverage ratio was 29.5 and 105.2 as of December 31, 2011 and 2012. Interest coverage ratio increased from 29.5 as of December 31, 2011 to 105.2 as of December 31, 2012 primarily as a result of the decrease in our finance costs from amounts due to related companies. The interest coverage ratio as of December 31, 2013 was nil because all finance expenses were capitalized during that year.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

No dividends have been paid or declared by our Company since its date of incorporation.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends declared by us. The recommendation of the payment of dividend is subject to the discretion of the Board, and, after the Global Offering, any declaration of final dividend for the year will be subject to the approval of the Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to, among other things, our constitutional documents and the Companies Law, and may include the approval of the Shareholders of our Company. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Furthermore, subject to the limitations mentioned above, and in the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Board currently intends to distribute to our Shareholders as dividends no more than 20% of our distributable profit for the year ending December 31, 2014 and each year thereafter. However, we will re-evaluate our dividend policy annually. Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and we will pay such dividends in Hong Kong dollars.

LISTING EXPENSES

The total estimated listing expenses (excluding underwriting fees and commissions) in connection with the Global Offering is approximately RMB42.3 million, of which approximately RMB14.2 million is directly attributable to the issue of new shares and to be accounted for as a deduction from the equity and approximately RMB28.1 million, being 66.4% of RMB42.3 million is to be charged to the combined statement of comprehensive income. For the year ended December 31, 2013, we incurred listing expenses of approximately RMB8.6 million for legal and other professional fees, all of which were charged to our administrative expenses for the year ended December 31, 2013. We expect to incur additional listing expenses for legal and other professional fees of approximately RMB33.7 million, of which RMB19.5 million is estimated to be recognized as administrative expenses in the year ending December 31, 2014. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2014.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares been listed on the Stock Exchange on that date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Our unaudited pro forma adjusted combined net tangible assets has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on December 31, 2013. It has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true and fair picture of our financial position.

	Combined net tangible assets attributable to owners of the Company as of December 31, 2013	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share	Unaudited pro forma adjusted combined net tangible assets per Share
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*(HK$ equivalent)* *(Note 4)*
Based on an Offer price of HK$2.12 per Share	2,326,407	735,183	3,061,590	1.76	2.22
Based on an Offer price of HK$2.92 per Share	2,326,407	1,025,339	3,351,746	1.93	2.43

Notes:

1. The combined net tangible assets attributable to owners of the Company as of December 31, 2013 is arrived at after deducting nil intangible assets from the audited combined equity attributable to owners of the Company of RMB2,326,407 as of December 31, 2013, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$2.12 or HK$2.92 per Share after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,738,000,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2013 and an Offer Price of HK$2.12 per Share, being the low end of the Offer Price range, and 1,738,000,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2013 and an Offer Price of HK$2.92 per Share, being the high end of the Offer Price range, excluding Shares which may be issued upon the exercise of the Over-allotment Option.

4. The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.79486.

5 No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2013.

RECENT DEVELOPMENTS

Since December 31, 2013 and up to the Latest Practicable Date, we had the following recent developments:

- **Acquisition of the Qiandao Lake Land** – Pursuant to the Qiandao Lake LURC entered with Chunan County Land Resource Bureau, we acquired the Qiandao Lake Land at a price of RMB5,746,548 on May 28, 2014. The Qiandao Lake Land is designated for commercial development with a total site area of 6,805 sq.m..

- **Expansion into urbanization related businesses and services** – In order to capture the business and development opportunities arising from the continued urbanization of towns and counties in the PRC, particularly in relation to those towns and counties where there is land to be developed by the Group, Zhongan Construction, an indirect non-wholly owned subsidiary of our Company, entered into (i) the Town Urbanization MOUs on April 21 and 22, 2014, for the proposed cooperation in relation to the modernization of the agricultural industry in Tonglu County and Taizhou, the introduction of Japanese agricultural industry knowledge and techniques into the PRC, the supply of agricultural products, the provision of elderly management services in new towns in the PRC, and the development of land in Lubu Town and the provision of related assistance in the planning of the development thereof; and (ii) a cooperation agreement with China Development bank on April 24, 2014, in relation to the investment in, and the financing of the urbanization and development of new towns in Zhejiang Province, PRC.

- **Acquisition of the commercial portion of Chaoyang Community Site** – Pursuant to the Chaoyang Community LURC and the Supplemental Chaoyang Community Commercial LURC entered with Hangzhou Land Bureau and Hangzhou Xiaoshan Government, we acquired the commercial portion of the Chaoyang Community Site at a price of RMB220,917,000 on April 3, 2014. The Chaoyang Community Site is designated for residential and commercial development, with separate portion for the respective part, and with a total site area of 46,703 sq.m. (36,162 sq.m. for residential purposes and 10,541 sq.m. for commercial purposes).

- **Establishment of Tonglu Development JV** – Pursuant to the Tonglu Town Cooperation Agreement, on March 31, 2014, we established Tonglu Development JV with Tonglu Tourism through which we plan to develop the Tonglu New Town Site. Tonglu Development JV is expected to be engaged in the development of the Tonglu Town Project, which includes, among other things, systematic land development and construction of Tonglu New Town Site, master planning for the construction of tourism attraction, hotels, wellness and elderly facilities, as well as planning for the provision of resorts, leisure, medical and related services on the Tonglu New Town Site.

- **Land Acquisition Agreement and Pre-opening Management Agreement** – As part of the Reorganization, on March 20, 2014, we entered into the Land Acquisition Agreement pursuant to which Anhui Zhong An Real Estate will sell the land on which the VC Hotel is situated together with the buildings under construction thereon to us at a consideration of RMB234 million. As a transitional arrangement pending completion of the Land Acquisition Agreement, on March 20, 2014, we also entered into the Pre-opening Management Agreement with Anhui Zhong An Real Estate pursuant to which we have been appointed the exclusive project manager for the provision of overall management and supervision of the ongoing construction and development of VC Hotel by Hefei Holiday Inn.

- **Cooperation Agreement** – As part of the Reorganization, on March 16, 2014, we entered into the Cooperation Agreement with Yuyao Zhong'an Property, an indirect non-wholly owned subsidiary of Zhong An, pursuant to which Yuyao Zhong'an Property was appointed as the exclusive project manager for the provision of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion by Yuyao Zhong'an Property.

- **Acquisition of New Cixi Zhongan** – On March 3, 2014, following the demerger of Cixi Property Development, we acquired the entire equity interest of New Cixi Zhongan which holds Cixi Ningbo Land (commercial land with a site area of 49,804 sq.m.) at a consideration of RMB50 million, from Zhejiang Zhong An, a member of the Remaining Zhong An Group.

For further information, please see the section headed "Business – Recent Developments" on page 248 of this prospectus.

In terms of the developments of our property development projects since December 31, 2013, being the date of our latest audited financial information, pre-sale of the Times Square Residential Portions began in September 2013. Pursuant to the Cooperation Agreement entered into between the Remaining Zhong An Group and us as part of our Reorganization, the Remaining Zhong An Group shall be solely responsible for the management and supervision of the development and sales of, and shall be entitled to the net economic benefits arising from, the Times Square Residential Portion. Accordingly, the net proceeds from the pre-sale and sales thereof, after deducting therefrom of all the development costs and expenses not reimbursed but incurred before the Cooperation Agreement becomes effective by or on our behalf but not previously reimbursed to us, and other amounts owed by the Remaining Zhong An Group to us under the Cooperation Agreement, shall accrue to and vest in to the Remaining Zhong An Group by way of a service fee. Pursuant to prevailing applicable tax and accounting policies and practices, the revenue, costs, expenses, taxes and gross profit in connection with the development, pre-sale and sale of the Times Square Residential Portion, will not be charged against the statement of profit and loss of our Group. Please refer to the sections headed "Relationship with our Controlling Shareholders – Independence from the Remaining Zhong An Group" and "Continuing Connected Transactions" for further details of the Cooperation Agreement.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, except as otherwise disclosed in this prospectus, since December 31, 2013 and up to the date of this prospectus, there had been (i) no material adverse change in our financial or trading position or prospects and no event had occurred that would materially and adversely affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus; and (ii) no material adverse change in the general economic and market conditions in the PRC, that had materially and adversely affected our business operations or financial condition.

Our financial results were subject to fluctuations during the three years ended December 31, 2013 due to the different development cycle of our properties and property mix such as the proportion of properties for sale and rental income from investment properties. Other factors such as the timing of pre-sale, project completion, actual delivery of properties, changes in fair value gain upon transfer to investment properties and changes in fair value of investment properties may also affect our financial results from time to time. For details, please see the section headed "Financial Information – Significant Factors Affecting Our Results of Operations" on page 438 of this prospectus.

Based on the unaudited consolidated financial information of the Group for the four months ended April 30, 2014, as compared to the same period in 2013, revenue for the four months ended April 30, 2014 was significant lower than for the four months ended April 30, 2013. This was primarily because we started to recognize revenue from the sale and pre-sale of properties from our Hidden Dragon Bay project in April 2013, upon its completion in the same month. In addition, we had recorded an increase in selling and distribution costs in the four months ended April 30, 2014, mainly as a result of an increase in advertising and promotional expenses relating to our Zhong An Times Square (Phase II) project, as well as an increase in administrative expenses from staff costs, travel expenses and consultancy fees. The occurrence of these factors subsequent to December 31, 2013 may adversely affect our revenue and profitability in the near term. Save as aforesaid, our Directors are not aware of any other events or circumstances subsequent to December 31, 2013 that would cause any material adverse change in our business and operations going forward. For details, please refer to the section headed "Risk Factors – Our results of operations largely depend on the development schedules and pre-sales of our projects and may therefore vary significantly from year to year" on page 42 of this prospectus.

RELATED PARTY TRANSACTIONS

Our Directors confirm the related party transactions as set out in the Accountant's Report in Appendix I to this prospectus (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

FUTURE PLANS

Please see the sections headed "Business – Our Business Strategies" in this prospectus for further information regarding our future plans.

PROPOSED USE OF NET PROCEEDS FROM THE ISSUE OF SHARES

We estimate that the aggregate net proceeds from the issue of new Shares (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK$2.52 per Share, being the mid-point of the proposed Offer Price range of HK$2.12 to HK$2.92 per Share, will be approximately HK$1,096.6 million. We currently intend to apply these net proceeds for the following purposes:

- approximately HK$767.6 million or approximately 70.0% will be used to finance the development of our International Office Center projects, including:
  - approximately HK$219.3 million or approximately 20.0% will be used to finance the construction and development of our International Office Center A3 project;
  - approximately HK$548.3 million or approximately 50.0% will be used to finance the construction and development of our International Office Center A1 and A2 projects;
- approximately HK$219.3 million or approximately 20.0% will be used to finance the construction and development of our other projects;
- approximately HK$109.7 million or approximately 10.0% for working capital and other general corporate purposes.

To the extent that the net proceeds from the issue of Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of Shares, when combined with such alternate sources of financing, are sufficient for the uses set forth above.

If the Offer Price is finally determined at HK$2.92 per Offer Share, being the high-end of the stated Offer Price range, the net proceeds will be increased by approximately HK$182.5 million. If the Offer Price is finally determined at HK$2.12 per Offer Share, being the low end of the stated Offer Price range, the net proceeds will be reduced by approximately HK$182.5 million. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

In the event that the Over-allotment Option is exercised in full and based on the mid-point of the indicative Offer Price range, we estimate that we will receive additional net proceeds from the issue of addition Shares of HK$172.5 million, deducting underwriting fees and estimated expenses payable by us. The additional proceeds received from the exercise of the Over-allotment Option will be applied pro rata to the abovementioned purposes.

To the extent that the net proceeds from the issue of new Shares are not immediately applied for the above purposes, we will deposit the net proceeds into interest-bearing bank accounts. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

Sole Global Coordinator

BOCOM International Securities Limited

Joint Bookrunners and Joint Lead Managers

BOCOM International Securities Limited
Haitong International Securities Company Limited
KGI Capital Asia Limited
GF Securities (Hong Kong) Brokerage Limited

Co-Lead Manager

RHB OSK Securities Hong Kong Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreements

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering and the Preferential Offering are expected to be fully underwritten by the International Underwriters, in each case on a several basis. The Hong Kong Underwriting Agreement was entered into on Monday, June 16, 2014 and, subject to an agreement being reached on the Offer Price between us and the Sole Global Coordinator (on behalf of the Underwriters), the International Underwriting Agreement is expected to be entered into on or around Friday, June 20, 2014. The Hong Kong Underwriting Agreement is conditional upon (among other things) the International Underwriting Agreement being entered into and having become effective, and the respective Underwriting Agreements are expected to be inter-conditional. See the section headed "Structure of the Global Offering".

Hong Kong Underwriting Agreement

Subject to the Listing Committee granting listing of, and permission to deal in, our Shares in issue and our Shares to be issued as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe for or procure subscribers to subscribe for, their respective applicable proportions of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares are subject to termination.

Grounds for termination by the Hong Kong Underwriters

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) may by giving a written notice to our Company terminate the Hong Kong Underwriting

Agreement at its sole discretion without liability to any of the other parties hereto (including the respective obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares) and the Hong Kong Underwriting Agreement shall forthwith cease to have effect and none of the parties to the Hong Kong Underwriting Agreement shall have any rights or claims by reason thereof:

(i) either (a) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by our Company or any Controlling Shareholder or (b) any of the representations, warranties and undertakings given by our Company or any Controlling Shareholder in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading in any respect or (c) any event renders any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by our Company or any Controlling Shareholder to become untrue, incorrect or misleading in any respect, or

(ii) any statement contained in the PHIP (as defined in the Hong Kong Underwriting Agreement), this prospectus, the Application Forms or the formal notice or any notice, announcements, advertisements, communications or other documents in the agreed form issued by or used by our Company in connection with the Hong Kong Public Offering and Preferential Offering (including any supplement or amendment thereto) was or has become or been discovered to be untrue, incorrect or misleading in any respect, or any forecasts, expressions of opinion, intention or expectation expressed in any of this prospectus, the Application Forms or the formal notice or any notice, announcements, advertisements, communications or other documents are not, in any respect, fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(iii) any event, act or omission which gives or is likely to give rise to any liability of any of our Company or any Controlling Shareholder pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(iv) any breach of any of the obligations of our Company or any Controlling Shareholder under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(v) any of the reporting accountants, the Property Valuer, the internal control advisor of our Company or any of the counsel of our Company which has given its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears, has withdrawn its consent; or

(vi) approval in principle from the Stock Exchange granting the listing of, and permission to deal in, the Offer Shares, including any additional Shares issued pursuant to the exercise of the Over-allotment Option and the Shares in issue, is refused or not granted, on or before the business day before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified or withheld; or

(vii) our Company withdraws any of this prospectus, the Application Forms, the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement) or the Offering Circular (as defined in the Hong Kong Underwriting Agreement) and/or any other documents issued or used in connection with the Global Offering; or

(viii) the Stock Borrowing Agreement is terminated; or

(ix) any potential litigation or disputes or claims which would affect the operation, financial condition or reputation of any member of our Group in any material respect; or

(x) any material adverse change or development or prospective material adverse change or development in the assets, liabilities, conditions, business, general affairs, management, shareholder's equity, profits, losses, results of operations, financial or trading position or performance or management or prospects of our Company and its subsidiaries as a whole; or any person (other than any of the Sole Sponsor and the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement); or

(xi) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from any of the Hong Kong Public Offer Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or that, as a result of market conditions or otherwise, any order placed by any investor immediately before the Price Determination Agreement (as defined in the Hong Kong Underwriting Agreement) is entered into, has been withdrawn or cancelled, and the Sole Global Coordinator, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xii) there will have developed, occurred, happened or come into effect any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or representing a change or development, or prospective change or development, concerning or relating to:

(a) any local, national, regional or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and interbank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, Japan, the European Union (or any member thereof) or any other relevant jurisdiction; or

(b) any new law or any change or development involving a prospective change in any existing laws, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, Japan, the European Union (or any member thereof) or any other jurisdiction relevant to the operation or business of our Group; or

(c) (1) any event or series of events in the nature of force majeure (including, without limitation, acts of government, economic sanctions, strikes or lockouts (whether or not covered by insurance), riots, fire, calamity, explosion, flooding, earthquake, volcanic eruption, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease, accident or interruption or delay in transportation), or (2) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other declaration of a national or international state of emergency or calamity or crisis, in the case of either (1) or (2), affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, Japan, the European Union (or any member thereof) or any other jurisdiction relevant to the operation or business of our Group; or

(d) (1) any moratorium, suspension, restriction or limitation in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Stock Market, the Tokyo Stock Exchange, the London Stock Exchange or any PRC stock markets or (2) a general moratorium on commercial banking activities in Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, Japan, the European Union (or any member thereof) or any other relevant jurisdiction, declared by the relevant governmental authority, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services; or

(e) any moratorium, suspension or limitation in or on trading in any securities of our Company; or

(f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC or any other jurisdiction relevant to any member of our Group; or

(g) any taxation or any exchange controls, or any currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, Japan, the European Union (or any member thereof) or any other relevant jurisdiction adversely affecting an investment in the Shares; or

(h) any litigation or claim being threatened or instigated against any member of our Group or any Director, any of the chairman or chief executive officer or chief financial officer of our Company vacating his office, any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any investigation or action against any Director in his or her capacity as such or an announcement by any governmental, political, regulatory body that it intends to take any such action; or

(i) any contravention by any member of the Group of the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, the Listing Rules or any other applicable law or regulation; or

(j) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares (including the additional Shares that may be allotted and issued by our Company upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(k) non-compliance of the Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(l) the issue or requirement to issue by our Company of a supplementary prospectus, Application Form, Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement) or Offering Circular (as defined in the Hong Kong Underwriting Agreement) or any other documents issued or used by our Company in connection with the contemplated subscription and sale of the Offer Shares pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or SFC; or

(m) any of the risks or the materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(n) any demand by creditors for repayment of indebtedness or an order is granted or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

and which, with respect to any of sub-paragraphs (a) through (n) above, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) is, will be or may be materially adverse to the assets, liabilities, business, general affairs, management, business, shareholders' equity, profit, losses, results of operations, or financial or trading position or prospects of our Company or our Group as a whole or to any present or prospective shareholder of our Company in its capacity as such; or

(b) has, will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or make it impracticable, incapable or inadvisable or inexpedient for any material part of the Hong Kong Underwriting Agreement, the International Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes or may make it impracticable, inadvisable or inexpedient to proceed with or to market the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice, the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement) or the Offering Circular (as defined in the Hong Kong Underwriting Agreement).

Lock-up

Restrictions and undertakings to the Stock Exchange pursuant to the Listing Rules

Restrictions imposed on our Company

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or other securities convertible into equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing

Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except in the circumstances prescribed by Rule 10.08 of the Listing Rules.

Restrictions imposed on and undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders shall not, and shall procure that any other registered holder(s) (if any) shall not :

(a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Parent Shares**"); or

(b) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he or it will:

(a) if he or it pledges or charges any of our securities beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately informs us of such pledge or charge together with the number of securities so pledged or charged; and

(b) if he or it receives indications, either verbal or written, from the pledgee or chargee that any of his or its pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Under the Hong Kong Underwriting Agreement, our Company has agreed and undertaken with each of the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the Capitalization Issue, it will not, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Hong Kong Underwriting Agreement until the expiry of the First Six-month Period:

(i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell, any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, warrant or contract to purchase or subscribe for, lend, purchase any option, right, warrant or contract to sell, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the share capital of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or

(ii) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such share capital or any interest therein,

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i) or (ii) or (iii) above,

whether any of the foregoing transactions described in sub-paragraphs (i) to (iv) above is to be settled by delivery of share capital of the Company or shares or other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of shares or such other securities will be completed with the aforesaid period).

In the event that, during the Second Six-month Period, the Company enters into any of the foregoing transactions described in sub-paragraphs (i) to (iv) above, the Company shall take all necessary steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Undertaking by the Controlling Shareholders

Under the Hong Kong Underwriting Agreement, our Controlling Shareholders have agreed and undertaken with the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters that, except pursuant to (A) the Global Offering, (B) the Over-allotment Option or (C) if applicable, the Stock Borrowing Agreement, none of the Controlling Shareholders will, without the prior written consent of the Sole Global Coordinator, at any time from the date of the Hong Kong Underwriting Agreement until the expiry of the First Six-Month Period:

(i) offer, pledge, charge, mortgage, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, cause our Company to repurchase, any of the share of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or any interest therein whether then owned or thereafter acquired, owned directly by our Controlling Shareholders (including holding as a custodian) or with respect to which any of the Controlling Shareholders has beneficial ownership (collectively the "**Lock-up Shares**") (the foregoing restriction is expressly agreed to preclude the Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i) to (iii) above,

whether any such transaction described in (i) or (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, as applicable, in cash or otherwise (whether or not the issue of shares or such other securities will be completed with the aforesaid period).

Under the Hong Kong Underwriting Agreement, the Controlling Shareholders have agreed that during the Second Six-Month Period, the Controlling Shareholders will not enter into any of the foregoing transactions in sub-clauses (i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of the Company. This undertaking shall not affect the Controlling Shareholders' rights under the notes to Rule 10.07(2) of the Listing Rules.

Under the Hong Kong Underwriting Agreement, the Controlling Shareholders have agreed that until the expiry of the Second Six-Month period, in the event that any of the Controlling Shareholders enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it/he will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Commissions and expenses

Under the terms and conditions of the Underwriting Agreements, the Company has agreed to pay: (i) the Joint Bookrunners (for the account of the Underwriters) a gross commission equal to 2.5% of the aggregate Offer Price for all the Offer Shares offered under the Global Offering (including Shares to be issued pursuant to the Over-allotment Option); and (ii) the Joint Bookrunners an additional incentive fee (payable at the sole discretion of the Company) of such amount to be determined by our Company on or before the Price Determination Date.

The aggregate commissions and estimated expenses, together with the Stock Exchange trading fee, SFC transaction levy, Stock Exchange listing fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$82.8 million (assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.52 per Share, being the mid-point of the stated range of the Offer Price between HK$2.12 and HK$2.92 per Share).

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the relevant Underwriting Agreement(s) or as otherwise disclosed in this prospectus, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

INTERNATIONAL UNDERWRITING AGREEMENT

In connection with the International Offering, it is expected that we will, on or about Friday, June 20, 2014 shortly after determination of the Offer Price, enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the

International Underwriters to be named therein would severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at the sole and absolute discretion of the Sole Global Coordinator for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 70,200,000 additional Shares representing, in aggregate, 15% of the Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price and will be, among others, for the purpose of covering over-allocations in the International Offering, if any.

SOLE SPONSOR'S INDEPENDENCE

BOCOM International (Asia) Limited has declared its independence from us pursuant to Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering and BOCOM International Securities Limited is the Sole Global Coordinator and BOCOM International Securities Limited, Haitong International Securities Company Limited, KGI Capital Asia Limited and GF Securities (Hong Kong) Brokerage Limited are the Joint Bookrunners and Joint Lead Managers for the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

- the Hong Kong Public Offering of 46,800,000 Shares (subject to re-allocation as mentioned below) in Hong Kong as described below in the sub-section headed "-The Hong Kong Public Offering" in this section;
- the International Offering of 373,847,300 Shares (subject to adjustment, re-allocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S;
- the Preferential Offering, under which we are offering up to 47,352,700 Shares, being the Reserved Shares, for subscription by Qualifying Zhong An Shareholders (subject to re-allocation).

Investors may apply for our Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for our Shares under the International Offering, but may not do both (except those eligible to apply for the Reserved Shares in the Preferential Offering may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of our Shares to institutional and professional investors and other investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring our Shares in the International Offering. Prospective investors will be required to specify the number of our Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. The Preferential Offering is open only to Qualifying Zhong An Shareholders.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to re-allocation as described in the sub-section headed "– Pricing and Allocation" in this section.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, June 20, 2014 and in any event, no later than 12:00 noon on Wednesday, June 25, 2014.

The Offer Price will be not more than HK$2.92 per Share and is expected not to be less than HK$2.12 per Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with our consent) consider it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of Friday, June 20, 2014, being the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares and Reserved Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering and Preferential Offering.

The Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of our Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional and retail or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, and may consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The Offer Price, level of applications in the Hong Kong Public Offering and the Preferential Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Offer Shares and the Reserved Shares are expected to be announced on Thursday, June 26, 2014 through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – E. Publication of Results" in this prospectus.

OVER-ALLOCATION AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, BOCOM International Securities Limited or its affiliates, as the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. Covered short sales are short sales made in an amount not greater than the Over-allotment Option and a covered short position is any short position, including any such position created as a result of any covered short sales or other sales, in an amount not greater than the Over-allotment Option.

The Stabilizing Manager may close out any covered short position by exercising the Over-allotment Option to purchase additional Shares in consultation with the Sole Global Coordinator, purchasing Shares in the open market or through stock borrowing arrangements or a combination of these means.

In determining the source of the Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of our Shares may be effected on any stock exchange, including the Stock Exchange, any over the counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which, if commenced, will be done at the absolute discretion of the Stabilizing Manager in consultation with the Sole Global Coordinator and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of our Shares that may be over-allocated will not exceed the number of our Shares that may be sold under the Over-allotment Option, namely 70,200,000 Shares, which is 15% of the Shares initially available under the Global Offering. Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v). Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilizing Manager which may also take place during the stabilization period, may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period, which will begin on the Listing Date and is expected to expire on Sunday, July 20, 2014, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price (or, in case after the initial stabilizing action, there has been a deal done or transaction effected at a price above the stabilizing price on the relevant market, the price at which that deal was done or at which that transaction was effected if such price is lower than the Offer Price), which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

THE OVER-ALLOTMENT OPTION

In connection with the Global Offering, we intend to grant the Over-allotment Option to the Sole Global Coordinator on behalf of the International Underwriters. The Over-allotment Option gives the Sole Global Coordinator the right exercisable at any time from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering and the Preferential Offering to require us to issue and allot up to an aggregate of 70,200,000 additional Shares, representing 15% of the initial number of Offer Shares at the Offer Price among other things to cover over-allocations in the International Offering, if any. The Sole Global Coordinator may also cover such over-allocations by purchasing Shares in the secondary market or by a combination of purchase in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. In the event that the Over-allotment Option is exercised, an announcement will be made.

THE STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the International Offering, the Stabilizing Manager or any person acting for it may choose to borrow Shares from Ideal World pursuant to the Stock Borrowing Agreement (being the maximum number of Share which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option. The loan of Shares by Ideal World pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by the Controlling Shareholders following the Listing, on the basis that such arrangement will be on the terms that (i) they will only be used for settlement of over-allocations in the International Offering; (ii) the maximum number of Shares to be borrowed from Ideal World will be limited to the maximum number of Shares which may be issued and allotted by us upon exercise of the Over-allotment Option, which is limited to 70,200,000 Shares (equivalent to 15% of the Shares initially available under the Global Offering); (iii) the same number of Shares so borrowed must be returned to Ideal World no later than three business days following the earlier of (a) the last date on which the Over-allotment Option can be exercised, and (b) the day on which the Over-allotment Option is exercised in full; (iv) borrowing of stock pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and (v) no payment will be made to Ideal World in relation to the Stock Borrowing Agreement.

If the Stock Borrowing Agreement with Ideal World is entered into, it will only be effected by the Stabilizing Manager or its agents for settlement of over-allocation in the International Offering.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING AND THE PREFERENTIAL OFFERING

Acceptance of any application for the Hong Kong Offer Shares and Reserved Shares pursuant to the Hong Kong Public Offering and Preferential Offering will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any additional shares which may be issued pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Capitalization Issue, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

- the Offer Price having been duly agreed upon between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and us and the delivery of the price determination agreement on or around the Price Determination Date;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Underwriters under both the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become and remaining unconditional and such obligations not being terminated in accordance with the terms of the respective Underwriting Agreements, in each case on or before the dates and times specified in the respective agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, June 25, 2014 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause notice of the lapse of the Hong Kong Public Offering and Preferential Offering to be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – E. Publication of Results" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended.

The consummation of each of the Hong Kong Public Offering, the International Offering and the Preferential Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Thursday, June 26, 2014 but will only become valid certificates of title at 8.00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on Friday, June 27, 2014, if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Grounds for termination by the Hong Kong Underwriters" in this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

We are initially offering 46,800,000 Shares at the Offer Price, representing 10% of the 468,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the re-allocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Shares initially offered under the Hong Kong Public Offering will represent approximately 2.7% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. In Hong Kong, individual retail investors are expected to apply for Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Offering will not be allotted Offer Shares in the International Offering.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK$2.92 and is expected to be not less than HK$2.12. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK$2.92 per Share plus brokerage fee of 1%, SFC transaction levy of 0.003%and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$2.92, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – E. Publication of Results" in this prospectus.

For allocation purposes only, the Hong Kong Offer Shares (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools: Pool A and Pool B, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of 46,800,000 Shares initially comprised in the Hong Kong Public Offering (that is 23,400,000 Hong Kong Offer Shares) are liable to be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Hong Kong Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 140,400,000, 187,200,000 and 234,000,000 Hong Kong Offer Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and such reallocation being referred to in this prospectus as "Mandatory Reallocation". In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be re-allocated to Pool A and Pool B in the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator has the authority to re-allocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may, at its discretion, re-allocate Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE PREFERENTIAL OFFERING

In order to enable shareholders of Zhong An to participate in the Global Offering on a preferential basis as to allocation only, Qualifying Zhong An Shareholders are being invited to apply for an aggregate of up to 47,352,700 Reserved Shares in the Preferential Offering representing approximately 10.1% of the Offer Shares initially available under the Global Offering and approximately 2.7% of the total Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised) and representing approximately 8.8% of the Offer Shares initially available under the Global Offering and approximately 2.6% of the total Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is exercised in full), on the basis of an Assured Entitlement of 20 Reserved Shares for every whole multiple of 1,000 Zhong An Shares held by the Qualifying Zhong An Shareholders as of 4:30 p.m. on the Record Date. Fractional shareholders will not be entitled to apply for any Reserved Share. The Reserved Shares are being offered out of the International Offering, expected to be underwritten by the International Underwriters and are not subject to the clawback mechanism as described in the sub-section headed "– The Hong Kong Public Offering" in this section.

The Assured Entitlements may represent Shares which are not in a multiple of a full board lot of 1,000 Shares. Dealings in odd lots of Shares may be at or below their prevailing market price.

A **BLUE** Application Form is being despatched to each Qualifying Zhong An Shareholder together with a copy of this prospectus. Qualifying Zhong An Shareholders are permitted to apply for a number of Reserved Shares which is equal to, less than or greater than their Assured Entitlements under the Preferential Offering. A valid application in respect of a number of Reserved Shares equal to or less than a Qualifying Zhong An Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions set forth in this prospectus and the **BLUE** Application Form. If an application is made for a number of Reserved Shares which is greater than the Assured Entitlements of a Qualifying Zhong An Shareholder, such Qualifying Zhong An Shareholder's Assured Entitlement will be satisfied in full but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Zhong An Shareholders declining to take up some or all of their Assured Entitlements and that the minimum public float requirement pursuant to Rule 8.08(1) of the Listing Rules will be complied with. If an application is made for a number of Reserved Shares less than or greater than the Assured Entitlements of a Qualifying Zhong An Shareholder, the applicant is **recommended** to apply for a number in one of the multiples of full board lots stated in the table of multiples and payments on the back page of the **BLUE** Application Form which also states the amount of remittance payable on application for each multiple of full board lots of Reserved Shares; if such applicant does not follow this recommendation when applying for less than or greater than the Assured Entitlements, the applicant must calculate the correct amount of remittance payable on application for the number of Reserved Shares applied for by using the formula set out below the table of multiples and payments on the back page of the **BLUE** Application Form. Any application not accompanied by the correct amount of application monies will be treated as invalid in its entirety and no Reserved Share will be allotted to such applicant. The Sole Global Coordinator, on behalf of the Underwriters, will allocate any Assured Entitlements not taken up by the Qualifying Zhong An Shareholders to the International Offering.

Save under the circumstances permitted by the Listing Rules, the Reserved Shares are not available to existing beneficial owners of shares, the Directors or chief executive of our Company or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering unless such Director or chief executive or their respective associates is a Qualifying Zhong An Shareholder.

In addition to any application for the Reserved Shares on a **BLUE** Application Form, Qualifying Zhong An Shareholders are entitled to make one application for the Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service. Qualifying Zhong An Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application** instructions to HKSCC or through the HK eIPO White Form Service Provider under the Hong Kong Public Offering.

Assured Entitlements of Qualifying Zhong An Shareholders are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

The procedures for application under, and the terms and conditions of, the Preferential Offering are set forth in the sections headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" and "Further Terms and Conditions of Hong Kong Public Offering and Preferential Offering" in this prospectus and the **BLUE** Application Form.

The documents to be issued in connection with the Hong Kong Public Offering and the Preferential Offering (comprising this prospectus and the Application Forms) will not be registered under any applicable securities legislation of any jurisdiction other than Hong Kong. Accordingly, no Reserved Share is being offered to Non-Qualifying Zhong An Shareholders under the Preferential Offering and no **BLUE** Application Form will be sent to such persons. Applications on **BLUE** Application Forms will not be accepted from Non-Qualifying Zhong An Shareholders or persons who are acting for the benefit of Non-Qualifying Zhong An Shareholders.

THE INTERNATIONAL OFFERING

Subject to re-allocation, the number of Shares to be initially offered under the International Offering will be 373,847,300 Shares, representing 79.9% of the Offer Shares under the Global Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Shares initially offered under the International Offering will represent 21.5% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Pursuant to the International Offering, the International Underwriters will conditionally place our Shares with certain institutional and professional investors and other investors in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

All or any of the Reserved Shares not taken up by the Qualifying Zhong An Shareholders will be re-allocated to the International Offering.

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator at their sole and absolute discretion on behalf of the International Purchasers within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering and Preferential Offering. An announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to 70,200,000 additional Shares representing in aggregate 15% of the initial number of Offer Shares to cover over-allocations in the International Offering, if any. The Sole Global Coordinator may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of the Over-allocation Option or by a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. An announcement will be made in the event that the Over-allotment Option is exercised.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering and the International Offering become unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 27, 2014, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, June 27, 2014. The Shares will be traded in board lots of 1,000 Shares.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date and subject to the other conditions set out in the sub-section headed "– Conditions of the Hong Kong Public Offering and the Preferential Offering" in this section.

We expect shortly after determination of the Offer Price on the Price Determination Date, to enter into the International Underwriting Agreement relating to the International Offering.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

A. HOW TO APPLY FOR HONG KONG OFFER SHARES

1. How to apply

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the HK eIPO White Form Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who can apply

You can apply for the Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you, or any person(s) for whose benefit you are applying and:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States (within the meaning of Regulation S) or are a United States Person described in paragraph (h)(3) of Rule 902 of Regulation S.

If you apply online through the **HK eIPO White Form** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual member's names. If you are a body corporate, the Application Form must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person under power of attorney, the Company, the Sole Global Coordinator and the Underwriters (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions as they think fit, including production of evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined under Rule 1.01 of the Listing Rules) of the Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

- For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**.
- For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, June 17, 2014 until 12:00 noon on Friday, June 20, 2014 from:

(a) the following addresses of the Sole Global Coordinator:

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

(b) any of the following branches of the receiving bank for the Hong Kong Public Offering

Bank of Communications Co., Ltd. Hong Kong Branch

	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	King's Road Sub-Branch	67-71 King's Road
	Chaiwan Sub-Branch	G/F., 121-121A Wan Tsui Road, Chaiwan
	Wanchai Sub-Branch	G/F., 32-34 Johnston Road
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
	Shamshuipo Sub-Branch	Shop G1, G/F., Golden Centre, 94 Yen Chow Street, Sham Shui Po
	Tsimshatsui Sub-Branch	Shop 1-3, G/F., 22-28 Mody Road, Tsimshatsui
	Ngau Tau Kok Sub-Branch	Shop G1 & G2, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tai Po Sub-Branch	Shop No.1, G/F., Wing Fai Plaza, 29-35 Ting Kok Road, Tai Po
	Shatin Sub-Branch	Shop No.193, Level 3, Lucky Plaza, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, June 17, 2014 until 12:00 noon on Friday, June 20, 2014 from:

- the Depositary Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or

- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. – China New City Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, June 17, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, June 18, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, June 19, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, June 20, 2014	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, June 20, 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. Terms and conditions of an application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully; otherwise, your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Global Coordinator, the Hong Kong Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering except in respect of Reserved Shares applied under the Preferential Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Hong Kong Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Global Coordinator and the Hong Kong Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. Applying Through the HK eIPO White Form Service

General

Individuals who meet the criteria in "A. How to apply for Hong Kong Offer Shares – 2. Who can apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the HK eIPO White Form Service Provider.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application through the **HK eIPO White Form** service at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, June 17, 2014 until 11:30 a.m. on Friday, June 20, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, June 20, 2014 or such later time under the "D. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the HK **HK eIPO White Form** service, or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. Applying by giving electronic application instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS internet system (**https://ip.ccass.com**) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);

- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing or Custodian Participants should input electronic application instructions at the following times on the following dates:

Tuesday, June 17, 2014 – 9:00 a.m. to 8:30 p.m.$^{(Note)}$
Wednesday, June 18, 2014 – 8:00 a.m. to 8:30 p.m.$^{(Note)}$
Thursday, June 19, 2014 – 8:00 a.m. to 8:30 p.m.$^{(Note)}$
Friday, June 20, 2014 – 8:00 a.m.$^{(Note)}$ **to 12:00 noon**

Note:

These times are subject to changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, June 17, 2014, until 12:00 noon on Friday, June 20, 2014 (24 hours daily, except the last application day).

The latest time for inputting electronic application instructions will be 12:00 noon on Friday, June 20, 2014, the last application day, or if the application lists are not open on that day, by the time and date stated in the section headed "D. Effect of bad weather on the opening of the application lists" below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for electronic applications

The subscription for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor and the Underwriters take no responsibility for any such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS phone system or the CCASS internet system to submit their **electronic application instructions**, they should either:

(i) submit a **WHITE** or **YELLOW** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, June 20, 2014, or such later time as described under the section headed "D. Effect of bad weather on the opening of the application lists" below.

8. How many applications can you make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying Zhong An Shareholder applying for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "*Structure of the Global Offering – The Preferential Offering*".

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by **giving electronic application** instructions to HKSCC or via the **HK eIPO White Form** service provided by the HK eIPO White Form Service Provider, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) (other than any application(s) made on a BLUE Application Form in your capacity as a Qualifying Zhong An Shareholder). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. Who Can Apply

Only Qualifying Zhong An Shareholders (and not the Non-Qualifying Zhong An Shareholders) are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying Zhong An Shareholders are those Overseas Zhong An Shareholders whose name appeared in the branch register of members of Zhong An in Hong Kong at 4:30 p.m. on the Record Date and whose address as shown in such register is in the PRC and/or in such other jurisdiction which our Directors and our Company, based on enquiries made by the Zhong An directors, consider it necessary or expedient to exclude them from the Preferential Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

According to the register of members of Zhong An at 4:30 p.m. on the Record Date, Zhong An had one Overseas Zhong An Shareholder with address in the PRC. Our directors of Zhong An and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the PRC and the requirements of the relevant regulatory bodies or stock exchange with respect to the offer of the Reserved Shares to the Zhong An Shareholder in the PRC. Having considered the circumstances, our Directors and our Company have formed the view that it is necessary or expedient to restrict the ability of that Overseas Zhong An Shareholder in the PRC to participate in the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or compliance with the local legal or regulatory requirements in the PRC.

Qualifying Zhong An Shareholders are entitled to apply on the basis of an Assured Entitlement of 20 Reserved Shares for every whole multiple of 1,000 Zhong An Shares held by them at 4:30 p.m. on the Record Date.

If the applicant is a firm, the application must be in the names of the individual members, not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Company and the Sole Global Coordinator, as the Company's agents, may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney. The Company and the Sole Global Coordinator, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

2. How to Apply

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying Zhong An Shareholders using **BLUE** Application Forms which have been despatched to Qualifying Zhong An Shareholders by the Company.

Qualifying Zhong An Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlements under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Zhong An Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in this prospectus and the **BLUE** Application Form and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Zhong An Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Zhong An Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares as described below.

Where a Qualifying Zhong An Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient available Reserved Shares as described below.

Qualifying Zhong An Shareholders (other than HKSCC Nominees) who intend to apply for less than or greater than their Assured Entitlements are recommended to apply for a number which is one of the multiples of full board lots set out in the table of multiples and payments on the back page of the **BLUE** Application Form and make a payment of the corresponding amount, or else the applicant must calculate the correct amount of remittance payable on application for the number of Reserved Shares applied for by using the formula set out in the **BLUE** Application Form.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Assured Entitlements not taken up by Qualifying Zhong An Shareholders (the "**available Reserved Shares**"), the available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be re-allocated to the International Offering;

(b) equal to the available Reserved Shares, the available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the available Reserved Shares, the available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Reserved Shares remaining after satisfying the excess applications, such Reserved Shares will be re-allocated to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Reserved Shares.

The Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying Zhong An Shareholders who have applied for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, may also make one application on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service. Qualifying Zhong An Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the HK eIPO White Form Service Provider under the Hong Kong Public Offering.

Persons who held their Zhong An Shares on the Record Date in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their Zhong An Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. Distribution of this Prospectus and the BLUE Application Forms

BLUE Application Forms have been despatched to all Qualifying Zhong An Shareholders together with a copy of this prospectus to their respective address recorded on the register of members of Zhong An at 4:30 p.m. on the Record Date.

Printed copies of this prospectus are also available at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, during business hours at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. on Tuesday, June 17, 2014 and 12:00 noon on Friday, June 20, 2014 for exclusive collection by Qualifying Zhong An Shareholders. Qualifying Zhong An Shareholders may also collect printed copies of this prospectus from the receiving banks, details of which are set out in the section headed "How to apply for Hong Kong Offer Shares and Reserved Shares – B. Applications for Reserved Shares" in this prospectus.

Qualifying Zhong An Shareholders who require a replacement **BLUE** Application Form should contact Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or on its hotline 2980 1333.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Zhong An Shareholders as specified in this prospectus.

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless our Directors and our Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from any Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. Applying By Using the BLUE Application Forms

(a) You may choose one of the four options on the **BLUE** Application Form when applying for Reserved Shares.

- **Option 1** – Apply for a number of Reserved Shares that is equal to your Assured Entitlement.
- **Option 2** – Apply for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares.
- **Option 3** – Apply for excess Reserved Shares only.
- **Option 4** – Apply for a number of Reserved Shares that is less than your Assured Entitlement.

(b) The **BLUE** Application Form will be rejected by the Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;

- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);

- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorised officer or affixed with a company chop;

- the cheque/banker's cashier order/**BLUE** Application Form is defective;

- the **BLUE** Application Form is not accompanied with a cheque/banker's cashier order or is accompanied by more than one cheque/banker's cashier order;

- the account name on cheque/banker's cashier order is not pre-printed or certified by the issuing bank;

- the cheque/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;

- the name of the payee indicated on the cheque/banker's cashier order is not "Bank of Communications (Nominee) Co. Ltd. – China New City Preferential Offer";

- the cheque has not been crossed "Account payee only";

- the cheque was post-dated;

- the applicant's payment is not made correctly or the applicant paid by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation;

- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the cheque/banker's cashier order;

- alteration(s) to the application details on the **BLUE** Application Form has not been authorised by the signature(s) of the applicant(s);

- the application is completed by pencil;

- the applicant does not fill in all the boxes in the option he/she/it chooses;

- the applicant chooses more than one of the options on the **BLUE** Application Form;

- Applying for more than 47,352,700 Reserved Shares;

- the Company or the Directors believe that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or

- the Company and the Sole Global Coordinator, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) If you are applying for a number of Reserved Shares which is equal to your Assured Entitlement (**Option 1**):

- Your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable in Box B set out in the **BLUE** Application Form.

(d) If you are applying for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares (**Option 2**):

- Your application will be rejected if the amount on the cheque/banker's cashier order does not match and is less than the amount payable in relation to your Assured Entitlement applied for in your **BLUE** Application Form.

- Your application for your Assured Entitlement will be accepted in full but your application for excess Reserved Shares will be rejected if the amount on the cheque/banker's cashier order does not match and is more than the amount payable in relation to your Assured Entitlement applied for but is less than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

- Your application will be accepted in full if the amount on the cheque/banker's cashier order does not match and is more than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

(e) If you are applying for excess Reserved Shares only (**Option 3**):

- You are recommended to apply for Reserved Shares in one of the numbers set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the corresponding amount payable as set out in the table in the **BLUE** Application Form.

- When the number of Reserved Shares applied for is **not** in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable calculated by using the formula set out in the **BLUE** Application Form.

(f) If you are applying for a number of Reserved Shares which is less than your Assured Entitlement (**Option 4**):

- You are recommended to apply for Reserved Shares in one of the numbers set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the corresponding amount payable as set out in the table in the **BLUE** Application Form.

- When the number of Reserved Shares applied for is not in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable calculated by using the formula set out in the **BLUE** Application Form.

5. When May Applications Be Made

(a) Applications on the BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. – China New City Preferential Offer" for the payment, should be deposited in the special collection boxes provided at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at the following times:

Tuesday, June 17, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, June 18, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, June 19, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, June 20, 2014	**–**	**9:00 a.m. to 12:00 noon**

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Friday, June 20, 2014, the last day for applications, or such later time as described in "– *D. Effect of Bad Weather on the Opening of the Application Lists*" below.

(b) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, June 20, 2014, the last day for applications, or such later time as described in "– *D. Effect of Bad Weather on the Opening of the Application Lists*" below.

6. How Many Applications May Be Made

You should refer to "– *3. Applying for Hong Kong Offer Shares – 4. Terms and conditions of an application*" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

7. Additional Terms and Conditions and Instructions

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND RESERVED SHARES

The Application Forms have tables showing the exact amount payable for Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for Hong Kong Offer Shares or Reserved Shares under the terms set out in the Application Forms.

You may submit an application using **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form. For applicants on the **BLUE** Application Form, if the number of Reserved Shares applied for is not one of the numbers set out in the table, you must calculate the correct amount payable on application by using the formula set out in the **BLUE** Application Form.

If your application is successful, brokerage is paid to participants of the Stock Exchange (or the Stock Exchange, as the case may be), the Stock Exchange trading fee is paid to the Stock Exchange, and the SFC transaction levy is collected by the Stock Exchange on behalf of the SFC.

For further details on the Offer Price, see the section headed "*Structure of the Global Offering – Pricing and Allocation*".

D. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, June 20, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those signals in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon. For this purpose, "Business Day" means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists do not open and close on Friday, June 20, 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "*Expected Timetable*", an announcement will be made in such event.

E. PUBLICATION OF RESULTS

It is expected that the final Offer Price, the level of indications of interest in the International Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares and the Preferential Offering will be published on Thursday, June 26, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on the Company's website at **www.chinanewcity.com.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.chinanewcity.com.cn** and on the website of the Stock Exchange at **www.hkexnews.hk** on Thursday, June 26, 2014;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (a hyper link to which can also be found on the Company's website at **www.chinanewcity.com.cn**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, June 26, 2014 to 12:00 midnight on Thursday, July 3, 2014. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;

- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, June 26, 2014 to Wednesday, July 2, 2014 (excluding Saturday, Sunday or public holiday in Hong Kong); and

- in the special allocation results booklets which will be available for inspection during opening hours of individual branches from Thursday, June 26, 2014 to Monday, June 30, 2014 at all the receiving bank branches at the addresses referred to above.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES AND/OR RESERVED SHARES

You should note the following situations in which the Hong Kong Offer Shares and/or the Reserved Shares will not be allocated to you:

(a) If your application is revoked

By completing and submitting an Application Form or **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf on or before Thursday, July 17, 2014. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares and/or Reserved Shares to any person on or before Thursday, July 17, 2014 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked before Thursday, July 17, 2014, if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, you may or may not (depending on the information contained in the supplement) be notified that you are required to confirm your applications. If you have been so notified but have not confirmed your applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If our Company or our agents exercise their discretion to reject your application

Our Company, the Sole Global Coordinator, or their respective agents have full discretion to reject or accept any application, or to accept only part of any application without giving any reasons.

(c) If the allocation of Hong Kong Offer Shares and/or the Reserved Shares is void

The allocation of Hong Kong Offer Shares and/or the Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If

- you make multiple applications or a suspected multiple application (other than an application (if any) made on a **BLUE** Application Form in your capacity as a Qualifying Zhong An Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allotted (including conditionally and/or provisionally) International Offer Shares (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);
- the Application Form is not completed in accordance with the stated instructions;

- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.hkeipo.hk**;

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;

- any of the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement does not become unconditional or is terminated;

- our Company and the Sole Global Coordinator (on behalf of our Company) believe that the acceptance of your application would violate the applicable securities or other laws, rules or regulations; or

- if you apply for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$2.92 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "*Structure of the Global Offering – Conditions of the Hong Kong Public Offering and the Preferential Offering*" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies (if any) is expected to be made on Thursday, June 26, 2014.

H. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS, in which case share certificates will be deposited directly into CCASS) and one share certificate for all of the Reserved Shares issued to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **BLUE** Application Forms, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund of your application monies are expected to be posted and/or available for collection (as the case may be) on or around Thursday, June 26, 2014. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, June 27, 2014, provided that the Hong Kong Public Offering and the Preferential Offering have become unconditional in all respects and the right of termination under the Underwriting Agreements as described in the section headed "Underwriting – Grounds for termination by the Hong Kong Underwriters" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

Personal Collection

(a) If you apply using a WHITE or BLUE Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form or 1,000,000 Reserved Shares or more on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect your Share certificate(s) and/or refund cheque(s) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014 or such other dates as notified by our Company in the newspapers.

If you are an individual who opts for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which opts for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your Share certificate(s) and/or refund cheque(s) in person within the time specified for collection, it/they will be despatched promptly to the address as specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or 1,000,000 Reserved Shares, your Share certificate(s) and/or refund cheque(s) (where relevant) will be despatched promptly to you by ordinary post to the address as specified in your Application Form at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, June 26, 2014, or upon contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for the Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to publish the results of the Hong Kong Public Offering, including the results of CCASS Investor Participants applications, in the manner described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – IV. Publication of Results", in this prospectus on Thursday, June 26, 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 26, 2014 or such other date as determined by HKSCC or HKSCC Nominees. Immediately following the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS phone system and the CCASS internet system.

If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same procedure as those for **WHITE** and **BLUE** Application Form applicants as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) (if any) will be sent to the address on the relevant Application Form on Thursday, June 26, 2014, by ordinary post at your own risk.

(c) If you apply through HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service, and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where relevant) in person from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014, or such other dates as notified by our Company in the newspapers as the date of despatch/ collection of Share certificate(s)/refund cheque(s).

If you do not collect your Share certificate(s) and/or refund cheque(s) in person within the time specified for collection, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) and/or refund cheque(s) (where relevant) will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply and pay the application monies through a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies through multiple bank accounts, refund cheque(s) for surplus application monies (if any) will be despatched promptly to the address specified in your application instructions by ordinary post at your own risk on Thursday, June 26, 2014.

(d) If you apply via Electronic Application Instructions to HKSCC via CCASS

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, June 26, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Offer Shares and the Reserved Shares in the manner specified in "Publication of Results" above on Thursday, June 26, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 26, 2014 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, June 26, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, June 26, 2014.

I. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

1. GENERAL

(a) If you apply for the Hong Kong Offer Shares in the Hong Kong Public Offering and/or the Reserved Shares in the Preferential Offering, you will be agreeing with our Company and the Sole Sponsor (for themselves and on behalf of the Underwriters) as set out below.

(b) If you give electronic application instructions to HKSCC via CCASS to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

(c) If you give electronic application instructions through the designated website at www.hkeipo.hk, you will have authorized the HK eIPO White Form Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the HK eIPO White Form service.

(d) In this section, references to "you", "applicants", "joint applicants" and other like references shall, if the context so permits, include references to making applications electronically by submitting an application to the HK eIPO White Form Service Provider through the designated website for the HK eIPO White Form service and both nominees and principals on whose behalf HKSCC Nominees is applying for the Hong Kong Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.

(e) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC or the HK eIPO White Form Service Provider prior to making any application for the Hong Kong Offer Shares and/or the Reserved Shares.

2. OFFER TO SUBSCRIBE FOR THE HONG KONG OFFER SHARES AND RESERVED SHARES

(a) You offer to subscribe from our Company at the Offer Price for the number of the Hong Kong Offer Shares and/or the Reserved Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.

(b) For applicants using **WHITE**, **YELLOW** or **BLUE** Application Forms or applying via the HK eIPO White Form service where payment of applications monies are made through multiple bank accounts, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares and/or the Reserved Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including the brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% attributable thereto), is expected to be sent to you by ordinary post at your own risk to the address stated on your Application Form on or before Thursday, June 26, 2014. For applications made via the HK eIPO White Form service where payment of applications monies are made through single bank account, e-Auto Refund payment instructions in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including the brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% attributable thereto), is expected to be despatched to the applicants' payment bank accounts on or around Thursday, June 26, 2014. Details of the procedure for refunds relating to each of the Hong Kong Public Offering and the Preferential Offering methods are contained below in the sub-sections headed "– 7. If Your Application for Hong Kong Offer Shares and/or Reserved Shares is Successful (in Whole or in Part)'', "– 8. Refund of Application Monies" and "– 9. Additional Information for Applicants Applying by Giving Electronic Application Instructions to HKSCC" in this section.

(c) Any application may be rejected in whole or in part.

(d) However, HKSCC Nominees may revoke the application on or before Thursday, July 17, 2014 if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under the section which excludes or limits the responsibility of that person for this prospectus. For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, electronic application instructions to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

(e) The section of the Application Form headed "Personal Data" applies to any personal data held by the Company and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

3. ACCEPTANCE OF YOUR OFFER

(a) The Hong Kong Offer Shares and the Reserved Shares will be allocated after the application lists close. We expect to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications under the Hong Kong Public Offering and the Preferential Offering and the basis of allocations of the Hong Kong Offer Shares and the Reserved Shares on Thursday, June 26, 2014. Please see the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – E. Publication of Results" in this prospectus.

(b) The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering and the Reserved Shares under the Preferential Offering, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of the Hong Kong Offer Shares and the Reserved Shares successfully applied for, will be made available on Thursday, June 26, 2014, in the manner described in the sub-section headed "How to Apply for Hong Kong Offer Shares and the Reserved Shares – E. Publication of Results" in this prospectus.

(c) We may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

(d) If we accept your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares and/or the Reserved Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

(e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. EFFECT OF MAKING ANY APPLICATION

(a) By completing and submitting any Application Form, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:*(Note)*

- instruct and authorize our Company and/or the Sole Sponsor (or their respective agents or nominees), each acting as an agent of our Company, to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Offer Shares allocated to you in your name(s) or the name of HKSCC Nominees, as the case may be, as required by the Articles and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Offer Shares allocated to you, and as required by the Articles;

- represent, warrant and undertake that (a) you are not, and none of the other person(s) for whose benefit you are applying is, within the United States (as defined in Regulation S under the U.S. Securities Act) and will acquire the Hong Kong Offer Shares and/or the Reserved Shares in an offshore transaction (within the meaning of Regulation S under the U.S. Securities Act) ;

- confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and not on any other information or representation concerning our Company save as set out in any supplement to this prospectus and you agree that neither our Company, the Sole Sponsor and the Hong Kong Underwriters nor any of their respective directors, officers, employees, partners, agents, advisors or any other parties involved in the Global Offering will have any liability for information or representations not contained in this prospectus;

- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it due to an innocent misrepresentation;

- (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider via the HK eIPO White Form service;

- (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

- (if you are an agent for another person) warrant that reasonable inquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider via the HK eIPO White Form service, and that you are duly authorized to sign the Application Form or to give electronic application instructions as that other person's Agent;

- agree that once your application is accepted, your application will be evidenced by the results of the Hong Kong Public Offering and the Preferential Offering made available by our Company;

- undertake and confirm that if you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application is a connected person, you have not applied for, taken up or indicated an interest in, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Offer Shares in the International Offering, nor otherwise participate in the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);

- warrant the truth and accuracy of the information contained in your application;

- agree to disclose to our Company, the Sole Global Coordinator and their respective agents any information about you or the person(s) for whose benefit you have made the application which they require;

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

- undertake and agree to accept the Offer Shares applied for, or any lesser number allocated to you under the application;

- authorize our Company to place your name(s) or HKSCC Nominees, as the case may be, on the Company's branch register of members as the holder(s) in Hong Kong of any Offer Shares allocated to you, and our Company and/or the Company's agents to send any Share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first named applicant in the Application Form by ordinary post to the address stated on your Application Form at your own risk (except if you have applied for 1,000,000 Hong Kong Offer Shares or more or 1,000,000 Reserved Shares or more, as the case may be, you may collect your refund cheque and/or Share certificates (where applicable) in person);

- authorize our Company to despatch e-Auto Refund payment instructions to your bank account if you have completed payment of the HK eIPO White Form application monies from a single bank account; or authorize our Company to issue and despatch refund cheque(s) to the address given on the HK eIPO White Form application if you have completed payment of the application monies from multiple bank accounts;

- agree that the processing of your application, including the despatch of refund cheque(s) (if any), may be done by any of our Company's receiving bankers and is not restricted to the bank at which your Application Form is lodged;

- confirm that you are aware of the restrictions on the Global Offering of the Offer Shares described in this prospectus;

- understand that these declarations and representations will be relied upon by our Company and the Sole Sponsor in deciding whether or not to allocate any Hong Kong Offer Shares and/or Reserved Shares in response to your application and that you may be prosecuted for making a false declaration;

- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor and the Hong Kong Underwriters, nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus; deciding whether or not to allocate any Offer Shares in response to your application;

- agree with our Company, for itself and for the benefit of each shareholder of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application to have agreed, for itself and on behalf of each shareholder of our Company) (and if applicable, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;

- agree with our Company and each Shareholder, to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;

- agree with the Company and each Shareholder that the Shares in our Company are freely transferable by the holder thereof;

- agree that our Company, the Sole Sponsor, the Hong Kong Underwriters and any of their respective directors, officers, employees, partners, agents or advisors, and any other parties involved in the Global Offering are not liable for the information and representations not contained in this prospectus and any supplement to this prospectus; and

- agree to disclose to our Company, the Company's registrar, the receiving bankers, the Sole Sponsor and their respective advisors and agents any personal data and any other information which they require about you or the person(s) for whose benefit you have made the application.

Note: For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited or HKSCC Nominees Limited will give, or be subject to, any of the below representations, warranties or undertakings.

(b) If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee agree that:

- any Hong Kong Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your instruction on the Application Form;

- each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the first-named applicant) at your own risk and costs; and (3) to cause such allotted Hong Kong Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the Share certificates for such allotted Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees;

- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and

- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(c) In addition, by giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things and neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the maximum Offer Price per Share initially paid on application, refund of the application monies, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, by crediting your designated bank account;

- (where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares) HKSCC Nominees is only acting as nominee for the applicants and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus. In addition to the confirmations and agreements set out in paragraph (a) above, instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, and the following:

  – agree that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has input electronic application instructions on your behalf or for your CCASS Investor Participant stock account;

– undertake and agree to accept the Hong Kong Offer Shares in respect of which you have given electronic application instructions or any lesser number;

– (if the electronic application instructions are given for your own benefit) declare that only one set of electronic application instructions has been given for your benefit;

– (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the benefit of that other person and that you are duly authorized to give those instructions as that other person's agent;

– understand that the above declaration will be relied upon by our Company, the Directors and the Sole Sponsor in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the electronic application instructions given by you and that you may be prosecuted if you make a false declaration;

– authorize our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of your electronic application instructions and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

– confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them; and are aware of the restrictions on the Hong Kong Public Offering described in this prospectus;

– confirm that you have only relied on the information and representations in this prospectus in giving your electronic application instructions or instructing your broker or custodian to give electronic application instructions on your behalf;

– agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

– agrees that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable on or before Thursday, July 17, 2014 except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before Thursday, July 17, 2014 if a person responsible for this prospectus under section

40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

– agree that once the application of HKSCC Nominees is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;

– agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to Hong Kong Offer Shares; and

– agree with our Company, for itself and for the benefit of each of the shareholders of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our shareholders of the Company, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and our Articles.

(d) If you apply for the Reserved Shares using a **BLUE** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee*(Note)*;

- warrant that, in making an application, you or any person(s) on whose behalf you may be acting is/are Qualifying Zhong An Shareholder(s); and

- represent, warrant and undertake that in making this application, you and/or any person(s) for whose behalf you may be acting are not, save where you are also a Qualifying Zhong An shareholder, a connected person(s) or person(s) who will become connected person(s) of our Company immediately upon completion of the Global Offering, the subscription for Reserved Shares by you and/or any person(s) on whose behalf you may be acting is not financed directly or indirectly by a connected person of our Company, and you and/or any person(s) on whose behalf you may be acting is not taking instructions from a connected person of our Company in making this subscription for Reserved Shares.

(e) Our Company, the Sole Sponsor, the Underwriters and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.

(f) In the event of this application being made by joint application, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally. You may be prosecuted if you make a false declaration.

Note: For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited or HKSCC Nominees Limited will give, or be subject to, any of the below representations, warranties or undertakings.

5. MULTIPLE APPLICATIONS

(a) It will be a term and condition of all applications that by completing and delivering an Application Form, you*(Note)*:

- (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider via the HK eIPO White Form service;

- (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application; and

- (if you are an agent for another person) warrant that reasonable inquires have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider via the HK eIPO White Form service, and that you are duly authorized to sign the Application Form or to give electronic application instructions as that other person's agent.

Note: For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited or HKSCC Nominees Limited will give, or be subject to, any of the below representations, warranties or undertakings.

(b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications (including the part of the application made by HKSCC Nominees acting on electronic application instructions) will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** and/or **YELLOW** Application Form and/or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider via the HK eIPO White Form service;

- apply both (whether individually or jointly) on one **WHITE** Application Form and one YELLOW Application Form or on one **WHITE** or **YELLOW** Application Form and give electronic application instructions to HKSCC or to HK eIPO White Form Service Provider via the HK eIPO White Form service;

- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider via the HK eIPO White Form service for more than 23,400,000 Hong Kong Offer Shares, being 50% of the Hong Kong Offer Shares initially made available for subscription under the Hong Kong Public Offering as more particularly described in the sub-section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus; or

- have applied for or taken up, or indicated an interest for, or have been or will be allocated or placed (including conditionally and/or provisionally) International Offer Shares under the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering).

(c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions but other than an application (if any) made on a **BLUE** Application Form in the capacity as a Qualifying Zhong An Shareholder). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" in relation to a company means you:

– control the composition of the board of directors of that company; or

– control more than half of the voting power of that company; or

– hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES OR RESERVED SHARES

You should note the following situations in which the Hong Kong Offer Shares and the Reserved Shares will not be allotted to you or your application is liable to be rejected:

(a) If your application is revoked

By completing and submitting an Application Form or electronic application instructions to HKSCC you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf on or before Thursday, July 17, 2014. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares and/or Reserved Shares to any person on or before Thursday, July 17, 2014 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked before Thursday, July 17, 2014 if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If our Company, the Sole Sponsor or their respective agents exercise their discretion to reject your application

Our Company, the Sole Sponsor (as agents of our Company) or their respective agents have full discretion to reject or accept any application, or to accept only part of any application without having to give any reasons for any rejection or acceptance.

(c) If the allotment of Hong Kong Offer Shares and/or the Reserved Shares is void

The allotment of Hong Kong Offer Shares and/or the Reserved Shares to you or to HKSCC Nominees (if you give electronic application instructions to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

– within three weeks from the closing of the application lists; or

– within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) In the following circumstances

- your application is a multiple or a suspected multiple application;
- the Application Form is not completed correctly;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored on its first presentation;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allotted (including conditionally and/or provisionally) International Offer Shares in the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering). By filling in any of the Application Forms or giving electronic application instructions to HKSCC or the HK eIPO White Form Service Provider, you agree not to apply for the International Offer Shares in the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering). Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received International Offer Shares in the International Offering (except in respect of

the Reserved Shares applied for pursuant to the Preferential Offering), and to identify and reject indications of interest in the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering) from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

- our Company or the Directors and the Sole Global Coordinator (on behalf of our Company) believe that the acceptance of your application would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed or your address appeared in this Application Form is located;

- if you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the public for subscription; or

- any of the Hong Kong Underwriting Agreement and/or the International Offering Agreement does not become unconditional or is terminated in accordance with the terms thereof.

7. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES AND/OR RESERVED SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the Shares.

No receipt will be issued for sums paid on application.

You will receive one share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS, in which case share certificates will be deposited directly into CCASS) and one share certificate for all of the Reserved Shares issued to you under the Preferential Offering.

Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date which is expected to be on Friday, June 27, 2014, provided that the Hong Kong Public Offering and the Preferential Offering have become unconditional in all respects and the right of termination under the Underwriting Agreements and described in the section headed "Underwriting – Grounds for termination by the Hong Kong Underwriters" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

(a) If you apply using a WHITE or BLUE Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form or 1,000,000 Reserved Shares or more on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect it/them in person from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014 or such other dates as notified by our Company in the newspapers as the date of despatch/collection of Share certificate(s)/refund cheque(s).

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, your authorized representative must attend bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited.

If you do not collect your Share certificate(s) and/or refund cheque(s) (where relevant) in person within the time specified for collection, it/they will be despatched promptly to you by ordinary post to the address as specified in the Application Form at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or 1,000,000 Reserved Shares, your Share certificate(s) and/or refund cheque(s) (where relevant) will be despatched promptly to you by ordinary post to the address as specified in the Application Form at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in the Application Form on Thursday, June 26, 2014, or under certain contingent situations, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **YELLOW** Application Form, for the Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to make available the results of the Hong Kong Public Offering, including the results of CCASS Investor Participants applications, in the manner described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – IV. Publication of Results, Despatch/Collection of Share Certificates and Refunds of Application Monies" in this prospectus on Thursday, June 26, 2014. You should check the results made available by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 26, 2014 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately following the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the

CCASS phone system and the CCASS internet system (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more, you may collect your refund cheque(s) (if any) in person, you should follow the same procedure as those for **WHITE** Application Form applicants as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) (if any) will be despatched promptly to you by ordinary post to the address as specified in the Application Form at your own risk.

(c) If you apply through HK eIPO White Form

If you apply for 1,000,000 Hong Kong Offer Shares or more through the HK eIPO White Form service by submitting an electronic application instruction to the HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where relevant) in person from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014, or such other dates as notified by our Company in the newspapers as the date of despatch/collection of Share certificate(s)/refund cheque(s).

If you do not collect your Share certificate(s) and/or refund cheque(s) in person within the time specified for collection, it/they will be despatched promptly to you by ordinary post to the address as specified in the application instructions to the HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) and/or refund cheque(s) (where relevant) will be despatched promptly to you by ordinary post to the address as specified in the application instructions to the HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk at your own risk.

If you apply through the HK eIPO White Form service by paying the application monies through a single bank account, e-Auto Refund payment instructions for surplus application monies (if any) will be despatched to your application payment bank account on or around Thursday, June 26, 2014.

If you apply through the HK eIPO White Form service by paying the application monies through multiple bank accounts, refund cheque(s) for surplus application monies (if any) will be despatched promptly to you by ordinary post to the address as specified in the application instructions to the HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk at you own risk on Thursday, June 26, 2014.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the HK eIPO White Form Service Provider set in the sub-sections headed "– 8. Refund of Application Monies" and "10. Additional Information for Applicants Applying through HK eIPO White Form" in this section.

8. REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Hong Kong Offer Shares and/or Reserved Shares for any of the reasons set in the sub-section headed "– 6. Circumstances in which you will not be allotted Hong Kong Offer Shares or Reserved Shares" in this section;

- the Offer Price as finally determined is less than the maximum Offer Price of HK$2.92 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% thereon) paid on application;

- the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering and the Preferential Offering" in this prospectus; or

- any application is revoked or any allocation pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies prior to the date of refund will be retained for the benefit of our Company.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Sponsor, cheques or bankers' cashier orders for applications for certain small denominations of Hong Kong Offer Shares (apart from successful and reserved applications) may not be cleared.

Refund of your application monies (if any) is expected to be made on Thursday, June 26, 2014 in accordance with the various arrangements as described above. All refunds will be made by a cheque crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant on the Application Form (except where you apply through the HK eIPO White Form service by paying the application monies through a single bank account, in such case refund will be made by e-Auto Refund payment instruction which will be despatched to your application payment bank account). Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque.

Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instructions is given will be treated as an applicant.

(b) Deposit of share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for paid sums on application.

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or to your CCASS Investor Participant stock account on Thursday, June 26, 2014, or, on such other date as shall be determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Thursday, June 26, 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 26, 2014 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS phone system and the

CCASS internet system (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, June 26, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or a difference between the Offer Price and the maximum Offer Price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, June 26, 2014. No interest will be paid thereon.

10. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING THROUGH HK eIPO WHITE FORM

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through the HK eIPO White Form service to the HK elPO White Form Service Provider through the designated website at www.hkeipo.hk will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated HK eIPO White Form Service Provider, the designated HK eIPO White Form Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated HK eIPO White Form Service Provider on the designated website at www.hkeipo.hk.

Otherwise, any monies payable to you due to a refund for any of the reasons set out above in the sub-section headed "– 8. Refund of Application Monies" shall be made pursuant to the arrangements described above in the sub-section headed "– 7. If your application for Hong Kong Offer Shares and/or Reserved Shares is successful (in whole or in part) – (c) If you apply through HK eIPO White Form'' in this section.

11. PERSONAL DATA

This Personal Information Collection Statement informs applicants for and holders of Shares of the policies and practices of our Company and the Company's share registrar in relation to personal data and the Personal Data (Privacy) Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and the Share registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the registrars.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of our Company or the Share registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of the Share certificate(s), and/or the despatch or encashment of refund cheque(s) to which you are entitled.

It is important that holders of securities inform us and the Company's Share registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the applicants and holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Offer Shares;

- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;

- maintaining or updating the registers of holders of securities of our Company;

- conducting or assisting to conduct signature verifications, any other verification or exchange of information;

- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues;

- distributing communications from our Company and our subsidiaries;

- compiling statistical information and shareholder profiles;

- making disclosures as required by laws, rules or regulations (whether statutory or otherwise);

- disclosing identities of successful applicants by way of press announcement(s) or otherwise;

- disclosing relevant information to facilitate claims on entitlements; and

- any other incidental or associated purposes relating to the above and/or to enable our Company and our Share registrar to discharge our obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) Transfer of personal data

Personal data held by our Company and the Share registrar relating to the applicants and the holders of securities will be kept confidential but our Company and the Company's Share registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our Company or our respective appointed agents such as financial advisors and receiving bankers;

- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Hong Kong Offer Shares to be deposited into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company and/or the Share registrar in connection with the operation of their businesses;

- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and

- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.

(d) Access to and correction of personal data

The Personal Data (Privacy) Ordinance provides the applicants and the holders of securities with rights to ascertain whether our Company or the Share registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the Personal Data (Privacy) Ordinance, our Company and the Share registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and kinds of data held should be addressed to us, at our registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time in accordance with applicable law, for the attention of the company secretary, or the Company's Share registrar for the attention of the privacy compliance officer.

By signing an Application Form or by giving electronic application instructions to HKSCC, you agree to all of the above.

22/F CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

The Directors
China New City Commercial Development Limited
BOCOM International (Asia) Limited

17 June 2014

Dear Sirs,

We set out below our report on the financial information of China New City Commercial Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2011, 2012 and 2013 (the "Relevant Periods"), and the combined statement of financial position of the Group as at 31 December 2011, 2012 and 2013 and the statement of financial position of the Company as at 31 December 2013, together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 17 June 2014 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is a limited liability company incorporated as an exempted company in the Cayman Islands on 2 July 2013 under the Companies Law (revised) of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 2.1 of Section II below, which was completed on 20 March 2014, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as the Company has not been involved in any significant business transaction other than the Reorganisation described above.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012 and 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2011, 2012 and 2013 and the Company as at 31 December 2013 and of the combined results and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the Financial Information of the Group for the Relevant Periods prepared on the basis set out in note 2.1 of Section II:

1. Combined statements of profit or loss

		Year ended 31 December		
	Section II	**2011**	**2012**	**2013**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	*5(a)*	197,765	164,323	875,842
Cost of sales		(63,598)	(48,481)	(506,994)
Gross profit		134,167	115,842	368,848
Other income and gains	*5(b)*	32,969	4,231	14,178
Selling and distribution costs		(44,341)	(29,473)	(32,822)
Administrative expenses		(51,035)	(59,256)	(69,114)
Other expenses		(807)	(137)	(1,494)
Fair value gain upon transfer to investment properties	*14*	–	–	256,292
Changes in fair value of investment properties	*14*	152,630	61,700	60,600
Finance costs	*6*	(10,928)	(1,105)	–
Share of profits and losses of:				
Joint ventures	*17*	(97)	(1,007)	(2,409)
An associate	*18*	98,573	24,378	13,937
		98,476	23,371	239,168
Profit before tax	*7*	311,131	115,173	608,016
Income tax expense	*10*	(60,402)	(28,713)	(212,232)
Profit for the year		250,729	86,460	395,784
Attributable to:				
Owners of the parent	*11*	234,070	79,118	364,623
Non-controlling interests		16,659	7,342	31,161
		250,729	86,460	395,784
Earnings per share attributable to equity holders of the parent	*12*			
Basic and diluted		N/A	N/A	N/A

2. Combined statements of comprehensive income

	Year ended 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	250,729	86,460	395,784
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	59,995	(112)	41,690
Total comprehensive income	310,724	86,348	437,474
Attributable to:			
Owners of the parent	294,065	79,006	406,313
Non-controlling interests	16,659	7,342	31,161
	310,724	86,348	437,474

3. Combined statements of financial position

	Section II Notes	At 31 December 2011 RMB'000	2012 RMB'000	2013 RMB'000
NON-CURRENT ASSETS				
Property and equipment	*13*	200,600	184,854	178,739
Investment properties	*14*	1,995,600	2,057,300	2,501,000
Properties under development	*15*	2,446,049	2,148,516	2,835,191
Long term deposit	*16*	5,479	5,479	12,232
Investments under equity method:				
Investments in joint ventures	*17*	177,482	361,622	412,448
Investment in an associate	*18*	178,969	203,347	45,086
		356,451	564,969	457,534
Available-for-sale investments	*19*	5,610	5,610	3,300
Deferred tax assets	*20*	30,683	41,911	21,511
Restricted cash	*24*	–	95,750	95,750
Total non-current assets		5,040,472	5,104,389	6,105,257
CURRENT ASSETS				
Completed properties held for sale	*21*	90,302	76,152	893,108
Properties under development	*15*	–	977,751	–
Inventories		4,975	4,086	3,970
Trade receivables	*22*	2,740	2,812	9,270
Prepayments, deposits and other receivables	*23*	374,136	97,945	61,010
Amounts due from related companies	*31(2)*	2,102,259	2,148,725	1,700,442
Restricted cash	*24*	8,651	27,166	3,415
Cash and cash equivalents	*24*	149,408	179,500	223,993
Total current assets		2,732,471	3,514,137	2,895,208

	Section II Notes	At 31 December 2011 RMB'000	2012 RMB'000	2013 RMB'000
CURRENT LIABILITIES				
Trade payables	25	266,309	220,785	466,224
Other payables and accruals	26	59,850	75,362	84,976
Advances from customers	27	382,757	715,269	6,877
Amounts due to related companies	31(2)	3,368,187	3,616,616	2,737,313
Interest-bearing bank and other borrowings	28	200,000	565,000	100,000
Tax payable	10	156,439	153,082	211,877
Total current liabilities		4,433,542	5,346,114	3,607,267
NET CURRENT LIABILITIES		(1,701,071)	(1,831,977)	(712,059)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,339,401	3,272,412	5,393,198
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	28	932,951	755,737	2,334,568
Deferred tax liabilities	20	394,090	414,052	517,348
Total non-current liabilities		1,327,041	1,169,789	2,851,916
NET ASSETS		2,012,360	2,102,623	2,541,282
EQUITY				
Equity attributable to owners of the parent				
Issued capital	29	–	–	–
Reserves	29	1,838,729	1,918,909	2,326,407
		1,838,729	1,918,909	2,326,407
Non-controlling interests		173,631	183,714	214,875
Total equity		2,012,360	2,102,623	2,541,282

4. Combined statements of changes in equity

		Attributable to owners of the parent								
		Issued capital	Capital reserve	Other reserve	Statutory reserve	Exchange fluctuation 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*	*RMB'000*
	Notes	*Note 29(a)*	*Note 29(b)*	*Note 30*	*Note 29(c)*					
At 31 December 2010		–	143,009	2,020	55,624	135,486	1,203,483	1,539,622	128,388	1,668,010
Profit for the year		–	–	–	304	–	233,766	234,070	16,659	250,729
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	59,995	–	59,995	–	59,995
Total comprehensive income for the year		–	–	–	304	59,995	233,766	294,065	16,659	310,724
Equity-settled share option arrangements	*30*	–	–	1,436	–	–	–	1,436	–	1,436
Shareholder's contribution*		–	3,606	–	–	–	–	3,606	–	3,606
Capital contribution from a non-controlling shareholder		–	–	–	–	–	–	–	28,584	28,584
At 31 December 2011		–	146,615	3,456	55,928	195,481	1,437,249	1,838,729	173,631	2,012,360

* Shareholder's contribution represented certain residual interests of residential business remained in certain subsidiaries and was contributed by the shareholders to the Group.

		Attributable to owners of the parent								
		Issued capital	**Capital reserve**	**Other reserve**	**Statutory reserve**	**Exchange fluctuation 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*	*RMB'000*
	Notes	*Note 29(a)*	*Note 29(b)*	*Note 30*	*Note 29(c)*					
At 31 December 2011		–	146,615	3,456	55,928	195,481	1,437,249	1,838,729	173,631	2,012,360
Profit for the year		–	–	–	508	–	78,610	79,118	7,342	86,460
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	(112)	–	(112)	–	(112)
Total comprehensive income for the year		–		–	508	(112)	78,610	79,006	7,342	86,348
Equity-settled share option arrangements	*30*	–	–	1,174	–	–	–	1,174	–	1,174
Capital contribution from a non-controlling shareholder		–	–	–	–	–	–	–	2,741	2,741
At 31 December 2012		–	146,615	4,630	56,436	195,369	1,515,859	1,918,909	183,714	2,102,623

		Attributable to owners of the parent								
		Issued capital	**Capital reserve**	**Other reserve**	**Statutory reserve**	**Exchange fluctuation 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*	*RMB'000*
	Notes	*Note 29(a)*	*Note 29(b)*	*Note 30*	*Note 29(c)*					
At 31 December 2012		–	146,615	4,630	56,436	195,369	1,515,859	1,918,909	183,714	2,102,623
Profit for the year		–	–	–	25,280	–	339,343	364,623	31,161	395,784
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	41,690	–	41,690	–	41,690
Total comprehensive income for the year		–	–	–	25,280	41,690	339,343	406,313	31,161	437,474
Equity-settled share option arrangements	*30*	–	–	1,185	–	–	–	1,185	–	1,185
At 31 December 2013		–	146,615	5,815	81,716	237,059	1,855,202	2,326,407	214,875	2,541,282

5. Combined statements of cash flows

	Section II Notes	Year ended 31 December 2011 RMB'000	2012 RMB'000	2013 RMB'000
Cash flows from operating activities				
Profit before tax		311,131	115,173	608,016
Adjustments for:				
Depreciation	*13*	14,299	16,238	14,414
Fair value gain upon transfer to investment properties	*14*	–	–	(256,292)
Changes in fair value of investment properties	*14*	(152,630)	(61,700)	(60,600)
Equity-settled share option expense	*30*	1,436	1,174	1,185
Share of profits and losses of:				
Joint ventures	*17*	97	1,007	2,409
An associate	*18*	(98,573)	(24,378)	(13,937)
Finance costs	*6*	10,928	1,105	–
Interest income	*5(b)*	(13,867)	(2,301)	(2,437)
		72,821	46,318	292,758
(Increase)/decrease in properties under development		(811,283)	(467,658)	471,468
Decrease/(increase) in completed properties held for sale		56,910	14,150	(943,764)
Decrease/(increase) in trade receivables		7,268	(72)	(6,458)
(Increase)/decrease in prepayments, deposits and other receivables		(87,501)	276,191	36,935
Increase in long term deposit		(5,105)	–	(6,753)
Decrease in inventories		1,046	889	116
(Increase)/decrease in restricted cash for pre-sales proceeds		(1,437)	(11,215)	17,750
Increase/(decrease) in trade payables		90,461	(45,524)	245,439
Increase in other payables and accruals		6,479	15,512	7,942
Increase/(decrease) in advances from customers		189,182	332,512	(708,392)

	Section II Notes	Year ended 31 December 2011 RMB'000	2012 RMB'000	2013 RMB'000
Cash (used in)/generated from operations		(481,159)	161,103	(592,959)
Interest received		13,867	2,301	2,437
Interest paid		(63,988)	(63,488)	(93,943)
Income tax and land appreciation tax paid		(17,503)	(23,336)	(29,741)
Net cash (used in)/generated from operating activities		(548,783)	76,580	(714,206)
Cash flows from investing activities				
Capital contributions and loans to joint ventures		(177,579)	(185,147)	(53,235)
Purchases of items of property and equipment		(43,459)	(494)	(8,342)
Proceeds from disposal of items of property and equipment		–	2	43
(Advances to)/repayment from related companies		(558,357)	(46,466)	1,320,481
Purchases of available-for-sale investments		(2,310)	–	–
Proceeds from disposal of available-for-sale investments		–	–	2,310
New restricted pledged deposit		(2,116)	(103,050)	–
Decrease in restricted pledged deposit		367,000	–	6,001
Net cash (used in)/generated from investing activities		(416,821)	(335,155)	1,267,258
Cash flows from financing activities				
Capital contribution from a non-controlling shareholder		28,584	2,741	–
Shareholder's contribution		3,606	–	–
New interest-bearing bank and other borrowings		1,125,951	462,786	1,530,817
Repayment of interest-bearing bank and other borrowings		(641,500)	(275,000)	(1,116,986)
Borrowings from/(repayment to) related companies		302,896	98,147	(921,670)
Net cash generated from/(used in) financing activities		819,537	288,674	(507,839)

	Section II Note	Year ended 31 December 2011 RMB'000	2012 RMB'000	2013 RMB'000
Net (decrease)/increase in cash and cash equivalents		(146,067)	30,099	45,213
Cash and cash equivalents at the beginning of year		295,492	149,408	179,500
Effect of foreign exchange rate changes, net		(17)	(7)	(720)
Cash and cash equivalents at the end of each year	*24*	149,408	179,500	223,993
Analysis of balances of cash and cash equivalents				
Cash and bank balances	*24*	149,408	179,500	223,993

6. Statement of financial position of the Company

	Note	31 December 2013 *RMB'000*
CURRENT LIABILITIES		
Other payables		30
NET CURRENT LIABILITIES		(30)
TOTAL ASSETS LESS CURRENT LIABILITIES		(30)
EQUITY		
Issued capital	*29*	–
Reserves		(30)
Total equity		(30)

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

China New City Commercial Development Limited (the "Company") is a limited liability company incorporated as an exempted company in the Cayman Islands on 2 July 2013 under the Companies Law (revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") were members of the group of Zhong An Real Estate Limited ("Zhong An") and its subsidiaries ("Zhong An Group"). Zhong An, the shares of which have been listed on the Main Board of the Stock Exchange since November 2007, is the holding company of Zhong An Group which engages in four principal business namely (i) property development; (ii) property leasing; (iii) hotel operation; and (iv) property management, which cover both residential and commercial properties.

During the Relevant Periods, the Group was principally engaged in commercial property development, leasing and hotel operation (the "Commercial Listing Business"). During the Relevant Periods, certain subsidiaries of the Group were also engaged in residential property development business (the "Residential Business")

In the opinion of the Company's directors (the "Directors"), the ultimate holding company of the Company is Whole Good Management Limited, a company incorporated in the British Virgin Islands on 3 May 2007. Whole Good Management Limited is wholly owned by Mr. Shi Kancheng (alias Mr. Shi Zhongan), the Chairman and the Chief Executive Officer of the Company. The ultimate shareholder of the Company is Mr. Shi (the "Controlling Shareholder").

Prior to the incorporation of the Company, the Commercial Listing Business was carried out by certain subsidiaries of Zhong An Group. In order to rationalise the current structure of the Group, the Company underwent the Reorganisation to acquire the companies now comprising the Group on 20 March 2014. Details of the Reorganisation are set out in the section headed "History, Reorganization and Corporate Structure" in the Listing Documents.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company	*Notes*	Place and date of incorporation/ establishment and place of operation	Nominal value of registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
祺瑞商業管理(杭州)有限公司 Qirui Commercial (Hangzhou) Management Co., Ltd.[(a)(1)]	*(i)/(ii)*	PRC/Mainland China 18 October 2013	US$14,900,000	100%	–	Investment holding
浙江眾安盛隆商業有限公司 Zhejiang Zhong An Sheng Long Commercial Co., Ltd.[(a) (3)]	*(i)/(iii)*	PRC/Mainland China 9 September 2013	RMB50,000,000	–	90%	Property development and leasing
杭州白馬房地產開發有限公司 Hangzhou White Horse Property Development Co., Ltd.[(4)]	*(iv)*	PRC/Mainland China 27 June 2002	RMB50,000,000	–	90%	Property development
上海眾安房地產開發有限公司 Shanghai Zhong An Property Development Co., Ltd.[(4)]	*(v)*	PRC/Mainland China 19 January 2004	RMB10,000,000	–	90%	Property leasing
浙江眾安房地產蕭山開發有限公司 Zhejiang Zhong An Property Development Xiaoshan Co., Ltd.[(4)]	*(iv)*	PRC/Mainland China 3 April 1997	RMB2,000,000	–	81%	Property leasing

Name of company	*Notes*	Place and date of incorporation/ establishment and place of operation	Nominal value of registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
杭州眾安恒隆商廈有限公司 Hangzhou Zhong An Highlong Commercial Buildings Co., Ltd.(4)	*(vi)*	PRC/Mainland China 20 September 2005	RMB2,000,000	–	90%	Property management
恒利企業管理(杭州)有限公司 Henlly Enterprise Management (Hangzhou) Co., Ltd.(1)	*(vii)*	PRC/Mainland China 4 December 2006	US$89,800,172	–	100%	Property development
匯駿(國際)控股有限公司 Huijun (International) Holdings Limited(4)	*(viii)*	Hong Kong 4 March 2005	HK$100,000	100%	–	Investment holding
浙江匯駿置業有限公司 Zhejiang Huijun Real Estate Co., Ltd.(2)	*(ix)*	PRC/Mainland China 1 April 2005	US$77,600,000	–	99.7%	Property development
杭州匯駿信息技術有限公司 Hangzhou Huijun Information Technology Co., Ltd.(1)	*(vii)*	PRC/Mainland China 5 December 2007	US$59,700,000	–	100%	Consultation management
杭州駿傑投資管理有限公司 Hangzhou Junjie Investment Co., Ltd.(1)	*(x)*	PRC/Mainland China 4 December 2007	US$29,990,000	–	100%	Investment management
杭州蕭山眾安假日酒店有限公司 Hangzhou Xiaoshan Zhong An Holiday Inn Co., Ltd.(4)	*(vii)*	PRC/Mainland China 28 May 2007	RMB10,000,000	–	90%	Hotel management
杭州正江房地產開發有限公司 Hangzhou Zheng Jiang Real Estate Development Co., Ltd.(4)	*(vii)*	PRC/Mainland China 16 March 2006	RMB50,000,000	–	92.5%	Property development
合肥眾安假日酒店有限公司 Hefei Zhong An Holiday Inn Co., Ltd.(3)	*(xi)*	PRC/Mainland China 18 March 2008	RMB350,000,000	–	100%	Hotel management
匯駿建材物資貿易(杭州)有限公司 Huijun Construction Materials Trading (Hangzhou) Co., Ltd.(1)	*(vii)*	PRC/Mainland China 16 July 2008	US$12,000,000	–	100%	Material trading
杭州匯宏投資管理有限公司 Hangzhou Huihong Investment Management Co., Ltd.(1)	*(x)*	PRC/Mainland China 19 February 2008	US$49,990,000	–	100%	Investment management
杭州德宏新型建材有限公司 Hangzhou Dehong New Constructions Materials Management Co., Ltd.(1)	*(x)*	PRC/Mainland China 1 February 2008	US$29,900,000	–	100%	Manufacture of construction materials
淳安民福旅遊置業有限公司 Chunan Minfu Property Co., Ltd.(3)	*(xii)*	PRC/Mainland China 24 October 2003	RMB6,000,000	–	100%	Property development
余姚眾安時代廣場置業有限公司 Yuyao Zhong An Times Square Property Co., Ltd.(a)(3)	*(i)(xvi)*	PRC/Mainland China 13 August 2013	USD$16,000,000	–	63%	Property development
余姚眾安時代廣場開發有限公司 Yuyao Zhong An Times Square Development Co., Ltd.(a)(4)	*(i)/(xvi)*	PRC/Mainland China 5 August 2013	RMB100,000,000	–	90%	Property development
浙江眾安商業投資管理有限公司 Zhejiang Zhong An Commercial Investment Management Co., Ltd.(4)	*(xiii)*	PRC/Mainland China 1 August 2011	RMB10,000,000	–	90%	Investment holding
杭州眾安長宏投資管理有限公司 Hangzhou Zhong An Changhong Investment Management Co., Ltd.(4)	*(xiii)*	PRC/Mainland China 26 August 2011	RMB1,000,000	–	91.2%	Investment holding
杭州富凱企業管理有限公司 Hangzhou Fukai Management(4)	*(vii)*	PRC/Mainland China 2 March 2011	RMB500,000	–	90%	Property management
余姚眾安時代廣場商業管理有限公司 Yuyao Zhong An Times Square Commercial Management Co., Ltd.(4)	*(xiv)*	PRC/Mainland China 6 December 2011	RMB2,000,000	–	90%	Property management

Name of company	Notes	Place and date of incorporation/ establishment and place of operation	Nominal value of registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
眾安國際航運(香港)有限公司 Zhong An International Shipping (Hong Kong) Limited[4]	*(xv)*	Hong Kong 11 November 2011	HK$780,000	–	99.7%	Shipping
浙江省眾安城市建設有限公司 Zhejiang Zhong An City Construction Co., Ltd.[(a)(4)]	*(i)/(xvii)*	PRC/Mainland China 17 December 2013	RMB100,000,000	–	90%	Investment holding

Notes:

(a) These subsidiaries were established by the Group in 2013.

(b) Types of legal entities:

(1) Wholly-foreign-owned enterprise

(2) Sino-foreign equity joint venture

(3) Limited liability company invested by foreign-invested enterprises

(4) Limited liability company

(c) Notes for statutory auditors' information

(i) These subsidiaries were newly established by the Group in 2013.

(ii) The statutory accounts for the years ended 31 December 2013 were audited by 中匯會計師事務所有限公司 (Zhonghui Certified Public Accountants Co., Ltd.).

(iii) The statutory accounts for the year ended 31 December 2013 were audited by 杭州蕭然會計師事務所有限公司 (Hangzhou Xiaoran Certified Public Accountants Co., Ltd.).

(iv) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 杭州中企華會計師事務所 (Hangzhou Zhongqihua Certified Public Accountants Co., Ltd.).

(v) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 上海中惠會計師事務所 (Shanghai Zhonghui Certified Public Accountants Co., Ltd.).

(vi) The statutory accounts for the years ended 31 December 2011 and 2012 were audited by 杭州蕭然會計師事務所有限公司 (Hangzhou Xiaoran Certified Public Accountants Co., Ltd.). No statutory accounts for the year ended 31 December 2013 have been prepared for this subsidiary as there is no statutory requirement for this company to prepare audited financial statements.

(vii) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 杭州蕭然會計師事務所有限公司 (Hangzhou Xiaoran Certified Public Accountants Co., Ltd.).

(viii) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by Simon N.F.Ng & Company.

(ix) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 浙江中孜會計師事務所 (Zhejiang Zhongzi Certified Public Accountants Co., Ltd.).

(x) The statutory accounts for the years ended 31 December 2011 and 2012 were audited by 浙江中際會計師事務所 (Zhejiang Zhongji Certified Public Accountants Co., Ltd.). The statutory accounts for the years ended 31 December 2013 were audited by 浙江中孜會計師事務所 (Zhejiang Zhongzi Certified Public Accountants Co., Ltd.).

(xi) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 安徽一通源會計事務所 (Anhui Yitongyuan Certified Public Accountants Co., Ltd.).

(xii) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 淳安永盛聯合會計師事務所 (Chuanan Yongsheng Union Certified Public Accountants Co., Ltd.).

(xiii) No statutory accounts for the year ended 31 December 2011 have been prepared for this subsidiary as there is no statutory requirement for this company to prepare audited financial statements. The statutory accounts for the year ended 31 December 2012 and 2013 were audited by 杭州蕭然會計師事務所有限公司 (Hangzhou Xiaoran Certified Public Accountants Co., Ltd.).

(xiv) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by 余姚中誠會計師事務所 (Yuyao Zhongcheng Certified Public Accountants Co., Ltd.).

(xv) The statutory accounts for the years ended 31 December 2011, 2012 and 2013 were audited by Simon N.F.Ng & Company.

(xvi) The statutory accounts for the year ended 31 December 2013 were audited by 余姚中誠會計師事務所 (Yuyao Zhongcheng Certified Public Accountants Co., Ltd.).

(xvii) No statutory accounts for the year ended 31 December 2013 have been prepared for this subsidiary as there is no statutory requirement for this company to prepare audited financial statements.

Certain of the investments in subsidiaries with an aggregate net carrying amount of approximately RMB279,023,000, RMB301,928,000 and nil as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings for the related parties as disclosed in note 31(3)(vii).

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Our Reorganisation" in the section headed "Our History and Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods on 20 March 2014. The companies now comprising the Group were under the common control of the Zhong An before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods and as if the Commercial Listing Business was transferred to the Group as of the earliest period presented.

For the purpose of this report, the related financial information of business and operation historically not associated with the Commercial Listing Business of the Group has been excluded from the Financial Information throughout the Relevant Periods as such business and operation are distinct and identifiable business, which operated autonomously and were retained by the remaining Zhong An Group pursuant to the Reorganisation.

The combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statement of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the Commercial Listing Business using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

The Financial Information has been prepared on the assumption that the Group will continue as a going concern, which assumes that the Group will be able to meet its obligations and continue its operations for the coming 12 months notwithstanding that at 31 December 2013, the Group had net current liabilities of RMB712,000,000. In the opinion of the Directors, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for its next fiscal year. This is due to the fact that:

(a) Zhong An Group has agreed to provide financial support to the Group for one year; and

(b) in September 2013, the Group has successfully negotiated with a bank for a three-year banking facility which amounted to RMB5,000,000,000. The Group obtained an additional banking facility in 2014 as disclosed in note 40.

2.2 BASIS OF PREPARATION

All intra-group transactions and balances have been eliminated on combination.

The Financial Information has been prepared in accordance with IFRSs which include all standards and interpretations approved by the IASB, and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. All IFRSs effective for the accounting periods commencing from 1 January 2013 have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for investment properties at fair value through profit or loss, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following IFRSs that have been issued but are not yet effective in the Financial Information:

IFRS 9	*Financial Instruments*[4]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[4]
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*[1]
IFRS 11 Amendments	Amendments to IFRS 11 – *Accounting for Acquisitions of Interests in Joint Operations*[3]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 15	*Revenue from Contracts with Customers*[5]
IAS 16 and IAS 18 Amendments	Amendments to IAS 16 and IAS 18 – *Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs issued in December 2013[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs issued in December 2013[2]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 July 2014

[3] Effective for annual periods beginning on or after 1 January 2016

[4] No mandatory effective date yet determined but is available for adoption

[5] Effective for annual periods beginning on or after 1 January 2017

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods.

As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using merger accounting principles. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

The combined statements of profit or loss include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All significant intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination in full.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the companies now comprising the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the combined statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the combined statement of profit or loss and combined other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognise its share of any changes, when applicable, in the combined statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associates and joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations other than under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, completed properties held for sale, properties under development, investment properties, goodwill and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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).

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated residual values and useful lives for this purpose are as follows:

	Useful lives	**Residual values**
Buildings	20 years	5%
Hotel properties	20 years	5%
Office equipment	5 years	5%
Motor vehicles	5 years	5%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents renovation works in progress and is stated at cost less any impairment losses, and is not depreciated. Cost mainly comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment or investment properties when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from completed properties held for sale to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

The Group determines whether completed properties held for sales would be transferred to investment properties when, only when, there is a change in use, evidenced by the following criteria: (a) the Group has prepared a business plan that reflects the future rental income generated by the property and this is supported with evidence that there is demand for rental space; (b) the Group can demonstrate that it has the resources, including the necessary financing or capital, to hold and manage an investment property; (c) The change in use is legally permissible; (d) If the property must be further developed for the change in use, developed has commenced and (e) Change in use is approved by board resolution.

Properties under development

Properties under development are intended to be held for sale after completion. On completion, the properties are transferred to completed properties held for sale.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which are intended to be held for sale and expected to be completed within 12 months from the end of the reporting period are classified as current assets.

Properties under development which are intended to be held for sale and expected to be completed beyond 12 months from the end of the reporting period are classified as non-current assets.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the selling price, less estimated costs to be incurred in selling the properties based on prevailing market conditions.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributed to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred on disposal.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the "PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the statement of profit or loss as incurred.

Income tax

Income tax comprises current and deferred tax and land appreciation tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Recognition of revenue

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to the purchasers;

(b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties is retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the purchasers, and the collectibility of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the combined statement of financial position under current liabilities.

Property leasing income derived from the leasing of the Group's properties is recognised on a time proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognised upon the rendering of the relevant services.

Hotel operating income which includes room rental, food and beverage sales and income from the provision of other ancillary services is recognised when the services are rendered.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, a capitalisation rate of 5%, 7% and 9% for the years ended 31 December 2011, 2012 and 2013, has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Certain subsidiaries incorporated outside Mainland China use Hong Kong dollars ("HK$") and United States dollars ("US$") as their functional currencies. The functional currency of subsidiaries established in Mainland China is RMB. As the Group mainly operates in Mainland China, the RMB is used as the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of non-PRC established subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into RMB at the weighted average rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the combined statement of cash flows, the cash flows of non-PRC established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC established companies which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Classification of current and non-current properties under development

The Group classifies properties under development according to the construction progress and estimated commencement date of presale. Properties under development are classified as current assets when the estimated time to completed construction is less than twelve months from the end of the reporting period.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) Fair value of investment properties

Investment properties were revalued based on the appraised market value by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different lease or other contracts, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties was RMB1,995,600,000, RMB2,057,300,000 and RMB2,501,000,000 as at 31 December 2011, 2012 and 2013, respectively.

(ii) Net realisable value of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgements and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the period in which such estimate is changed will be adjusted accordingly.

(iii) PRC corporate income tax

The Group is subject to income taxes in Mainland China. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the income tax and tax provisions in the period in which the differences realise.

(iv) PRC land appreciation tax ("LAT")

LAT in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the statement of profit or loss and the provision for LAT in the period in which such determination is made.

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised deductible temporary differences and tax losses RMB30,683,000, RMB41,911,000 and RMB21,511,000 as at 31 December 2011, 2012 and 2013, respectively. The amount of unrecognised tax losses was RMB771,000, RMB2,164,000 and RMB2,350,000 for the years ended 31 December 2011, 2012 and 2013, respectively. Further details are contained in note 20 to the Financial Information.

(vi) Impairment of trade and other receivables

Impairment of trade and other receivables is made based on assessment of the recoverability of trade and other receivables. The identification of impairment of trade and other receivables requires management's judgement and estimates. Where the actual outcome or expectation in the future is different from the original estimates, such differences will have an impact on the carrying value of the receivables and doubtful debt expenses/write-back of doubtful debt in the period in which such estimate is changed.

(vii) Useful lives and impairment of property and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property and equipment. This estimate is based on the historical experience of the actual useful lives of items of property and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors' actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculation of which involves the use of estimates.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

(a) the property development segment develops and sells properties in Mainland China;

(b) the property rental segment leases investment properties in Mainland China;

(c) the hotel operations segment owns and operates a hotel; and

(d) the others segment comprises, principally, the Group's property management services business, which provides management and security services to commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, an amount due to the ultimate holding company, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the years ended 31 December 2011, 2012 and 2013.

Year ended 31 December 2011	Property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	71,983	62,568	57,854	5,360	197,765
Intersegment sales	–	22,600	–	12,200	34,800
	71,983	85,168	57,854	17,560	232,565
Reconciliation:					
Elimination of intersegment sales					(34,800)
Revenue					197,765
Segment results	142,810	168,025	716	(1,923)	309,628
Reconciliation:					
Interest income					13,867
Finance costs					(10,928)
Share option expense					(1,436)
Profit before tax					311,131
Segment assets	4,687,812	2,200,816	408,198	1,432,413	8,729,239
Reconciliation:					
Elimination of intersegment receivables					(1,186,574)
Corporate and other unallocated assets					230,278
Total assets					7,772,943
Segment liabilities	2,404,115	18,445	10,038	2,831,079	5,263,677
Reconciliation:					
Elimination of intersegment payables					(1,186,574)
Corporate and other unallocated liabilities					1,683,480
Total liabilities					5,760,583
Other segment information:					
Depreciation	1,880	320	11,100	999	14,299
Share of (profits) and losses:					
Joint ventures	97	–	–	–	97
An associate	(98,573)	–	–	–	(98,573)
Investments in joint ventures	177,482	–	–	–	177,482
Investment in an associate	178,969	–	–	–	178,969
Capital expenditure	3,569	3,557	296	36,037	43,459

Year ended 31 December 2012	Property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	33,309	67,759	55,015	8,240	164,323
Intersegment sales	–	23,700	–	14,200	37,900
	33,309	91,459	55,015	22,440	202,223
Reconciliation:					
Elimination of intersegment sales					(37,900)
Revenue					164,323
Segment results	43,243	73,981	1,209	(3,282)	115,151
Reconciliation:					
Interest income					2,301
Finance cost					(1,105)
Share option expense					(1,174)
Profit before tax					115,173
Segment assets	5,056,039	2,264,319	361,182	1,767,276	9,448,816
Reconciliation:					
Elimination of intersegment receivables					(1,225,577)
Corporate and other unallocated assets					395,287
Total assets					8,618,526
Segment liabilities	2,829,551	88,985	11,322	2,923,751	5,853,609
Reconciliation:					
Elimination of intersegment payables					(1,225,577)
Corporate and other unallocated liabilities					1,887,871
Total liabilities					6,515,903
Other segment information:					
Depreciation	2,332	1,224	10,561	2,121	16,238
Share of (profits) and losses:					
Joint ventures	1,007	–	–	–	1,007
An associate	(24,378)	–	–	–	(24,378)
Investments in joint ventures	361,622	–	–	–	361,622
Investment in an associate	203,347	–	–	–	203,347
Capital expenditure	140	44	310	–	494

Year ended 31 December 2013	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	742,001	78,408	52,690	2,743	875,842
Intersegment sales	–	24,900	–	–	24,900
	742,001	103,308	52,690	2,743	900,742
Reconciliation:					
Elimination of intersegment sales					(24,900)
Revenue					875,842
Segment results	262,046	337,067	4,566	3,085	606,764
Reconciliation:					
Interest income					2,437
Share option expense					(1,185)
Profit before tax					608,016
Segment assets	5,367,282	2,557,152	426,710	1,676,566	10,027,710
Reconciliation:					
Elimination of intersegment receivables					(1,388,782)
Corporate and other unallocated assets					361,537
Total assets					9,000,465
Segment liabilities	2,449,245	32,611	9,112	2,893,205	5,384,173
Reconciliation:					
Elimination of intersegment payables					(1,388,782)
Corporate and other unallocated liabilities					2,463,792
Total liabilities					6,459,183
Other segment information:					
Depreciation	2,000	1,293	9,289	1,832	14,414
Share of (profits) and losses:					
Joint ventures	2,409	–	–	–	2,409
An associate	(13,937)	–	–	–	(13,937)
Investments in joint ventures	412,448	–	–	–	412,448
Investment in an associate	45,086	–	–	–	45,086
Capital expenditure	1,123	908	1,905	4,406	8,342

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Sale of properties	79,429	40,291	787,267
Property leasing income	65,409	70,857	81,916
Property management fee income	5,360	8,240	2,743
Hotel operating income	61,286	58,279	55,815
Less: Business tax and surcharges	(13,719)	(13,344)	(51,899)
	197,765	164,323	875,842

(b) Other income:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Subsidy income	119	–	–
Interest income	13,867	2,301	2,437
Others	329	725	120
Total	14,315	3,026	2,557

(c) Gains:

Foreign exchange gains	18,654	1,205	11,621
Total	32,969	4,231	14,178

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	63,988	63,488	95,615
Interest on related party borrowings	–	150,177	84,777
Total interest	63,988	213,665	180,392
Less: Interest capitalised in properties under development	(53,060)	(212,560)	(180,392)
	10,928	1,105	–

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2011	2012	2013
		RMB'000	*RMB'000*	*RMB'000*
Cost of properties sold	*21*	28,518	14,150	473,181
Depreciation	*13*	14,299	16,238	14,414
Minimum lease payments under operating leases:				
– Office premises		2,689	3,022	500
Auditors' remuneration		160	64	485
Staff costs including directors' and chief executive's remuneration				
– Salaries and other staff costs		26,256	27,190	25,661
– Pension scheme and social welfare		2,998	3,124	5,164
– Equity-settled share option expense		1,436	1,174	1,185
Foreign exchange differences, net		(18,654)	(1,205)	(11,621)
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)		3,988	4,899	4,953
Fair value gain, net:				
Fair value gain upon transfer to investment properties	*14*	–	–	(256,292)
Changes in fair value of investment properties	*14*	(152,630)	(61,700)	(60,600)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, bonuses and allowances	1,614	1,450	2,531
Pension scheme contributions	16	16	24
Equity-settled share option expense	1,436	1,174	1,185
	3,066	2,640	3,740
	3,066	2,640	3,740

In 2009 and 2011, certain directors were granted share options for the shares of Zhong An Real Estate Limited, the parent company of the Group, as disclosed in note 30. The fair value of such options was determined as at the date of grant. In respect of their services to the Group, the relevant accounting impact was accounted for in the combined financial statements for the Relevant Periods and included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and the chief executive

Year ended 31 December 2011

	Fees	Salaries and allowances	Bonuses	Pension scheme contributions	Equity-settled share option expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Ms. Jin Ni	–	278	429	5	529	1,241
Mr. Li Chu	–	306	131	5	84	526
Ms. Tang Yiyan	–	111	134	5	84	334
	–	695	694	15	697	2,101
Chief executive						
Mr. Shi Zhongan	–	180	45	1	739	965
	–	875	739	16	1,436	3,066

Year ended 31 December 2012

	Fees	Salaries and allowances	Bonuses	Pension scheme contributions	Equity-settled share option expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Ms. Jin Ni	–	501	226	5	423	1,155
Mr. Li Chu	–	300	81	5	88	474
Ms. Tang Yiyan	–	140	112	5	88	345
	–	941	419	15	599	1,974
Chief executive						
Mr. Shi Zhongan	–	72	18	1	575	666
	–	1,013	437	16	1,174	2,640

Year ended 31 December 2013

	Fees	Salaries and allowances	Bonuses	Pension scheme contributions	Equity-settled share option expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Ms. Jin Ni	–	493	170	6	427	1,096
Mr. Li Chu	–	313	81	6	88	488
Ms. Tang Yiyan	–	170	54	6	88	318
	–	976	305	18	603	1,902
Chief executive						
Mr. Shi Zhongan	–	991	259	6	582	1,838
	–	1,967	564	24	1,185	3,740

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals included three directors for the years ended 31 December 2011, 2012 and 2013, details of whose remuneration are set out in Note 8(b) above. Details of the remuneration of the remaining two highest paid employees for the years ended 31 December 2011, 2012 and 2013, respectively, are as follows:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses and allowances	289	271	341
Pension scheme contributions	10	10	12
	299	281	353

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2011	2012	2013
	No. of persons	*No. of persons*	*No. of persons*
Nil to RMB1,000,000	2	2	2

No share options were granted to the non-director, highest paid employees.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong during the Relevant Periods.

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Current – PRC corporate income tax for the year	23,235	18,100	33,289
Current – PRC LAT for the year	7,648	1,879	55,247
Deferred *(note 20)*	29,519	8,734	123,696
Total tax charge for the year	60,402	28,713	212,232

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	311,131	115,173	608,016
Tax at the statutory tax rate of 25%	77,783	28,793	152,004
Expenses not deductible for tax	713	667	9,545
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	3,776	1,775	10,382
Income not subjected to tax	(28,377)	(6,095)	(3,484)
Tax losses not recognised	771	2,164	2,350
Provision for LAT	7,648	1,879	55,247
Tax effect on LAT	(1,912)	(470)	(13,812)
Tax charge at the Group's effective rate	60,402	28,713	212,232
Tax payable in the combined statement of financial position represents:			
PRC corporate income tax	50,136	47,597	95,062
PRC LAT	106,303	105,485	116,815
	156,439	153,082	211,877

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The combined profits attributable to owners of the parent for the years ended 31 December 2011, 2012 and 2013 were all generated by the subsidiaries now comprising the Group (note 2.1).

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion is not considered meaningful for the purpose of this report.

13. PROPERTY AND EQUIPMENT

	Buildings *RMB'000*	Hotel properties *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2011					
At 31 December 2010 and at 1 January 2011:					
Cost	10,648	174,093	16,639	10,733	212,113
Accumulated depreciation	(253)	(23,551)	(10,920)	(5,949)	(40,673)
Net carrying amount	10,395	150,542	5,719	4,784	171,440
At 1 January 2011, net of accumulated depreciation	10,395	150,542	5,719	4,784	171,440
Additions	39,467	–	583	3,409	43,459
Depreciation provided during the year	(1,595)	(7,850)	(3,090)	(1,764)	(14,299)
At 31 December 2011, net of accumulated depreciation	48,267	142,692	3,212	6,429	200,600
At 31 December 2011:					
Cost	50,115	174,093	17,220	14,142	255,570
Accumulated depreciation	(1,848)	(31,401)	(14,008)	(7,713)	(54,970)
Net carrying amount	48,267	142,692	3,212	6,429	200,600

	Buildings *RMB'000*	Hotel properties *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2012					
At 31 December 2011 and at 1 January 2012:					
Cost	50,115	174,093	17,220	14,142	255,570
Accumulated depreciation	(1,848)	(31,401)	(14,008)	(7,713)	(54,970)
Net carrying amount	48,267	142,692	3,212	6,429	200,600
At 1 January 2012, net of accumulated depreciation	48,267	142,692	3,212	6,429	200,600
Additions	–	–	494	–	494
Disposals	–	–	(2)	–	(2)
Depreciation provided during the year	(3,599)	(7,850)	(2,577)	(2,212)	(16,238)
At 31 December 2012, net of accumulated depreciation	44,668	134,842	1,127	4,217	184,854
At 31 December 2012:					
Cost	50,115	174,093	17,709	14,142	256,059
Accumulated depreciation	(5,447)	(39,251)	(16,582)	(9,925)	(71,205)
Net carrying amount	44,668	134,842	1,127	4,217	184,854

	Buildings *RMB'000*	Hotel properties *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2013					
At 31 December 2012 and at 1 January 2013:					
Cost	50,115	174,093	17,709	14,142	256,059
Accumulated depreciation	(5,447)	(39,251)	(16,582)	(9,925)	(71,205)
Net carrying amount	44,668	134,842	1,127	4,217	184,854
At 1 January 2013, net of accumulated depreciation	44,668	134,842	1,127	4,217	184,854
Additions	4,120	–	2,755	1,467	8,342
Disposals	–	–	(43)	–	(43)
Depreciation provided during the period	(3,475)	(7,854)	(1,250)	(1,835)	(14,414)
At 31 December 2013, net of accumulated depreciation	45,313	126,988	2,589	3,849	178,739
At 31 December 2013:					
Cost	54,235	174,093	18,710	15,609	262,647
Accumulated depreciation	(8,922)	(47,105)	(16,121)	(11,760)	(83,908)
Net carrying amount	45,313	126,988	2,589	3,849	178,739

Certain of the Group's property and equipment with an aggregate net carrying amount of approximately RMB nil, RMB nil and RMB31,472,000 as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings granted to the group as disclosed in note 28.

Certain of the Group's property and equipment with an aggregate net carrying amount of approximately RMB146,617,000, RMB168,025,000 and nil as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings for the related parties as disclosed in note 31(3)(vii).

14. INVESTMENT PROPERTIES

	At 31 December		
	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*
Carrying amount at 1 January	1,840,800	1,995,600	2,057,300
Additions	2,170	–	–
Transfers from completed properties held for sale *(note 21)*	–	–	126,808
Fair value gain upon transfer	–	–	256,292
Changes in fair value of investment properties	152,630	61,700	60,600
Carrying amount at 31 December	1,995,600	2,057,300	2,501,000

(a) All investment properties of the Group were revalued at the end of the year by an independent professionally qualified valuer, CBRE Limited, at fair value. CBRE Limited is an industry specialist in investment property valuation. The fair value represents the amount at which the assets could be exchanged between a knowledgeable and willing buyer and a seller in an arm's length transaction at the date of valuation, in accordance with the International Valuation Standards.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 1 – Property in Hangzhou (Guomao Building)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 5% for office portion and 6% for retail portion.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 5.5% for office portion and 6.5% for retail portion.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB2.1/sqm/day for office portion and RMB2.9/sqm/day for retail portion.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB9,900/sqm for office portion and RMB15,400/sqm for retail portion.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 2 – Property in Shanghai (La Vie)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 6%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB7.5/sqm/day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB43,400/sqm.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 3 – Property in Hangzhou (Integrated Service Center)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 6%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB2.6/sqm/day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB13,500/sqm.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 4 – Property in Hangzhou (Office portion of Highlong Plaza)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 5%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 5.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB1.8/sqm/day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB11,100/sqm.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 5 – Property in Hangzhou (Retail portion of Highlong Plaza)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 5.5%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB3.5/sqm/day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB20,900/sqm.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 6 – Property in Hangzhou (Serviced apartment portion of Highlong Plaza)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 5%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 5.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB1.8/sqm/day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB10,200/sqm.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 7 – Property in Hangzhou (Landscape Garden)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 5.5%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB2.0/sqm/ day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB11,700/sqm.	The higher the price, the higher the fair value.

Investment properties held by the Group in the combined statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 8 – Property in Hangzhou (Hidden Dragon Bay)	Level 3	Direct comparison approach and Income approach (term and reversion approach) The key inputs are: (1) Term yield; (2) Reversionary yield; (3) Market unit rent; (4) Price per square metre	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 5.5%.	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account of annual unit market rental income and unit market value of the comparable properties, of 6%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities, of RMB3.1/sqm/day.	The higher the market unit rent, the higher the fair value.
			Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc., of RMB15,800/sqm.	The higher the price, the higher the fair value.

(b) The Group's investment properties are all situated in Mainland China and are held under the following lease terms:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Leases of between 10 and 50 years	1,995,600	2,057,300	2,501,000

(c) Investment properties leased out under operating leases

The Group leases out investment properties under operating lease arrangements. All leases run for a period of one to twenty five years, with an option to renew the leases after the expiry dates, at which time all terms will be renegotiated. The Group's total future minimum lease receivables under non-cancellable operating leases generated from investment properties are as follows:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	54,349	55,827	67,234
In the second to fifth years, inclusive	118,428	117,812	144,378
After five years	30,062	25,291	46,292
	202,839	198,930	257,904

(d) Certain of the Group's investment properties with a carrying amount of RMB567,782,000, nil and RMB1,576,589,000, as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings granted to the Group as disclosed in note 28.

Certain of the Group's investment properties with a carrying amount of approximately RMB1,268,024,000, RMB1,894,005,000 and nil as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings for the related parties as disclosed in note 31(3)(vii).

15. PROPERTIES UNDER DEVELOPMENT

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	1,583,876	2,446,049	3,126,267
Additions	864,613	680,218	1,125,869
Transfer to completed properties held for sale *(note 21)*	(2,440)	–	(1,416,945)
Carrying amount at 31 December	2,446,049	3,126,267	2,835,191
Current assets	–	977,751	–
Non-current assets	2,446,049	2,148,516	2,835,191
	2,446,049	3,126,267	2,835,191

The Group's properties under development are located in Mainland China.

The carrying amounts of the properties under development situated on the leasehold land in Mainland China are as follows:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Leases of over 50 years	101,171	122,087	217,026
Leases of between 20 and 50 years	2,344,878	3,004,180	2,618,165
	2,446,049	3,126,267	2,835,191

Certain of the Group's properties under development with a carrying amount of RMB1,283,418,000, RMB1,552,022,000 and RMB215,246,000 as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings granted to the Group as disclosed in note 28.

Certain of the Group's properties under development with a carrying amount of RMB561,421,000, RMB552,287,000 and nil as at 31 December 2011, 2012 and 2013, respectively, have been pledged to secure interest-bearing bank and other borrowings for the related parties as disclosed in note 31(3)(vii).

16. LONG TERM DEPOSIT

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Maintenance fund	5,479	5,479	12,232

17. INVESTMENTS IN JOINT VENTURES

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	9,703	10,696	46,487
Loans to joint ventures	167,779	350,926	365,961
	177,482	361,622	412,448

The loans to the joint ventures are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as quasi-equity investments in the joint ventures.

Particulars of the joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage attributable to the Group: Indirectly held equity interest	Voting power	Profit sharing	Principal activities
江蘇協眾投資有限公司 Jiangsu Xiezhong Investment Co., Ltd.	Registered capital of RMB100,000,000	Jiangsu PRC	45%	50%	45%	Investment holding
江蘇嘉潤置業有限公司 Jiangsu Jiarun Real Estate Co., Ltd.	Registered capital of RMB100,000,000	Jiangsu PRC	45%	50%	45%	Property development

The 50% equity interests in these joint ventures are held through a subsidiary with 90% of equity interest attributable to the Company.

Since April 2011, the Group held 44.1% interests in Jiangsu Xiezhong Investment Co., Ltd. and Jiangsu Jiarun Real Estate Co., Ltd. In March 2013, the Group acquired another 0.9% equity interest.

The following table illustrates the summarised consolidated financial information of Jiangsu Xiezhong Investment Co., Ltd. adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	16	92	4,784
Other current assets	–	1,298	3,274
Current assets	16	1,390	8,058
Non-current assets	20,014	372,992	473,160
Other current liabilities	(228)	(352,553)	(388,244)
Current liabilities	(228)	(352,553)	(388,244)
Net assets	19,802	21,829	92,974
Net assets, excluding goodwill	19,802	21,829	92,974
Reconciliation to the Group's interest in the joint ventures:			
Proportion of the Group's ownership	49%	49%	50%
Group's share of net assets of the joint ventures	9,703	10,696	46,487
Loans to joint ventures	167,779	350,926	365,961
Carrying amounts of the joint venture investment	177,482	361,622	412,448
Total expenses	(198)	(2,055)	(4,818)
Loss after tax	(198)	(2,055)	(4,818)

18. INVESTMENT IN AN ASSOCIATE

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	178,969	203,347	45,086

(a) Particulars of an associate

Associate	Place and date of registration and business	Authorised registered/ paid-in/ issued capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
杭州多瑙河置業有限公司 Hangzhou Danube Real Estate Co., Ltd.	Hangzhou PRC 7 March 2003	RMB50,000,000	26.492%	26.492%	26.492%	Property development

(b) The following table illustrates the summarised financial information of the Hangzhou Danube Real Estate Co., Ltd. for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	2,766,549	2,357,066	1,017,150
Non-current assets	3,620	12,619	49,468
Current liabilities	(162,000)	–	(896,431)
Non-current liabilities	(1,932,610)	(1,602,106)	–
Net assets	675,559	767,579	170,187
Net assets, excluding goodwill	675,559	767,579	170,187
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	26.492%	26.492%	26.492%
Carrying amount of the investment	178,969	203,347	45,086
Revenue	310,571	63,829	349,763
Expenses and tax	(211,998)	(39,451)	(297,154)
Profit for the year	98,573	24,378	52,609

19. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investments, at cost	5,610	5,610	3,300

The available-for-sale investments were the solely unlisted equity investments with a carrying amount of RMB5,610,000, RMB5,610,000 and RMB3,300,000 stated at cost less impairment, as at 31 December 2011, 2012 and 2013, respectively.

The investments were stated at cost because the investments do not have a quoted market price in an active market. In the opinion of the Directors, the fair value of such investments cannot be measured reliably and the underlying fair values of investments were not less than the carrying values of the investments as at 31 December 2011, 2012 and 2013, respectively.

20. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits *RMB'000*	Unrealised intragroup profit or loss *RMB'000*	Prepaid corporate income tax *RMB'000*	Total *RMB'000*
1 January 2011	6,508	1,125	4,150	11,783
Deferred tax credited to the combined statement of profit or loss during the year	12,651	1,400	4,849	18,900
At 31 December 2011 and 1 January 2012	19,159	2,525	8,999	30,683
Deferred tax credited to the combined statement of profit or loss during the year	1,139	2,324	7,765	11,228
At 31 December 2012 and 1 January 2013	20,298	4,849	16,764	41,911
Deferred tax charged to the combined statement of profit or loss during the year	(2,841)	(795)	(16,764)	(20,400)
At 31 December 2013	17,457	(4,054)	–	21,511

In accordance with the PRC laws and regulations, tax losses could be carried forward for five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group has accumulated tax losses arising in Hong Kong of RMB18,000, RMB24,000 and RMB89,000 as at 31 December 2011, 2012 and 2013, respectively, which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses arising in Mainland China of RMB14,718,000, RMB23,368,000 and RMB32,726,000 as at 31 December 2011, 2012 and 2013, respectively, which will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

	Fair value adjustment of investment properties	Withholding tax	Others*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
1 January 2011	329,503	4,634	11,534	345,671
Deferred tax charged to the combined statement of profit or loss during the year	38,157	3,776	6,486	48,419
At 31 December 2011 and 1 January 2012	367,660	8,410	18,020	394,090
Deferred tax charged to the combined statement of profit or loss during the year	15,425	1,775	2,762	19,962
At 31 December 2012 and 1 January 2013	383,085	10,185	20,782	414,052
Deferred tax charged to the combined statement of profit or loss during the year	79,223	10,382	13,691	103,296
At 31 December 2013	462,308	20,567	34,473	517,348

* Others mainly include temporary differences regarding capitalised finance costs.

Pursuant to the PRC Corporate Income Tax Law (the "New CIT Law"), a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement has become effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Other than the deferred tax liability in relation to the PRC withholding income tax provided above, no deferred taxation has been provided for the retained profits of approximately RMB336,400,000, RMB407,400,000 and RMB822,680,000 as at 31 December 2011, 2012 and 2013, respectively, which were derived from the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. COMPLETED PROPERTIES HELD FOR SALE

	At 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	147,212	90,302	76,152
Transfer from properties under development *(note 15)*	2,440	–	1,416,945
Transfer to cost of properties sold *(note 7)*	(28,518)	(14,150)	(473,181)
Transfer to investment properties *(note 14)*	–	–	(126,808)
Others	(30,832)	–	–
Carrying amount at 31 December	90,302	76,152	893,108

Certain of the Group's completed properties held for sale with a carrying amount of nil, nil and RMB382,416,000 as at 31 December 2011, 2012 and 2013, have been pledged to secure interest-bearing bank and other borrowings granted to the Group as disclosed in note 28.

22. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly lease receivables on credit. The credit period is generally one month, extending up to three months for major customers. All balances of the trade receivables as at the end of the year were neither past due nor impaired and aged within one to three months.

Trade receivables are non-interest-bearing and unsecured.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		At 31 December		
		2011	2012	2013
		RMB'000	*RMB'000*	*RMB'000*
Advance to suppliers		83,964	3,995	1,494
Deposits				
– for acquisition of a subsidiary	*(a)*	210,000	–	–
– others		1,111	1,551	1,072
Prepaid other tax		45,903	50,905	16,868
Other receivables		33,158	41,494	41,576
		374,136	97,945	61,010

(a) Pursuant to a share transfer agreement entered into in 2007 between a related party of the Company, Ideal World Investments Limited ("Ideal World"), and Huijun Architectural Design Limited ("Huijun Design"), an independent third party, regarding the transfer of 100% equity interest of Huijun (International) Holdings Limited ("Huijun International"), a wholly-owned subsidiary of Huijun Design, from Huijun Design to the Ideal World, Huijun Design assigned to Ideal World a loan of approximately HK$218,000,000 owed by Huijun International to Huijun Design (the "Huijun shareholder's loan") for a consideration of US$28,800,000. In 2007, the Group was requested by Huijun Design to make a deposit of RMB210,000,000 as a guarantee for the payment obligation of the Huijun shareholder's loan. In addition, Ideal World is obligated to pay the consideration to Huijun Design after the completion of the development and sale of properties of Zhejiang Huijun Real Estate Co., Ltd. ("Huijun Real Estate"), a subsidiary of Huijun International established in the PRC, and the completion of liquidation of Huijun Real Estate or on an earlier date that the Group may choose. Regardless of when the Group elects or is due to pay the consideration, Ideal World's payment obligation is subject to the return of the RMB210,000,000 deposit paid by the Group. In 2012, the Group entered into an agreement with Huijun Design and Ideal World and settled the deposit against the Huijun shareholder's loan.

None of the above is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	158,059	206,666	225,492
Time deposits	–	95,750	97,666
	158,059	302,416	323,158
Less: Restricted cash	(8,651)	(122,916)	(99,165)
Cash and cash equivalents	149,408	179,500	223,993
Current assets	8,651	27,166	3,415
Non-current assets	–	95,750	95,750
Restricted cash	8,651	122,916	99,165

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from relevant local government authorities is obtained. Such guarantee deposits amounted to approximately RMB6,535,000, RMB17,749,000 and nil as at 31 December 2011, 2012 and 2013, respectively.

Certain of the Group's current time deposits of RMB2,116,000, RMB9,417,000 and RMB3,415,000 as at 31 December 2011, 2012 and 2013, respectively, have been pledged to banks as guarantees to mortgage facilities granted to purchasers of the Group's properties.

Certain of the Group's non-current time deposits of nil, RMB95,750,000 and RMB95,750,000 as at 31 December 2011, 2012 and 2013, have been pledged to secure interest-bearing bank and other borrowings granted to the Group as disclosed in note 28.

25. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the end of each of the Relevant Periods, based on the payment due dates, is as follows:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Within six months	243,169	126,099	429,927
Over six months but within one year	3,964	79,709	14,846
Over one year	19,176	14,977	21,451
	266,309	220,785	466,224

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

26. OTHER PAYABLES AND ACCRUALS

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Deposits related to construction	5,653	18,949	19,240
Tax surcharges	21,422	21,550	22,828
Payables for acquisition of subsidiaries	15,059	15,059	15,059
Other payables	17,716	19,804	27,849
	59,850	75,362	84,976

Other payables are unsecured and interest-free.

27. ADVANCES FROM CUSTOMERS

Advances from customers represent sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of each of the Relevant Periods and the commercial management service fee received from lessees.

28. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	At 31 December 2011 RMB'000	At 31 December 2012 RMB'000	At 31 December 2013 RMB'000
Current:			
Bank loans – secured	150,000	515,000	50,000
Bank loans – unsecured	50,000	50,000	50,000
	200,000	565,000	100,000
Non-current:			
Bank loans – secured	932,951	755,737	1,733,568
Other loans – secured	–	–	601,000
	932,951	755,737	2,334,568
	1,132,951	1,320,737	2,434,568

	At 31 December 2011 RMB'000	At 31 December 2012 RMB'000	At 31 December 2013 RMB'000
Bank loans and other borrowings:			
Within one year or on demand	200,000	565,000	100,000
Over one year but within two years	440,000	491,746	1,537,070
Over two years but within five years	492,951	263,991	97,498
Over five years	–	–	700,000
	1,132,951	1,320,737	2,434,568
Current liabilities	200,000	565,000	100,000
Non-current liabilities	932,951	755,737	2,334,568

Bank and other borrowings bear interest at fixed rates and floating rates. The Group's bank and other borrowings bore effective interest rates ranging as follows:

	At 31 December 2011	At 31 December 2012	At 31 December 2013
Effective interest rates	1.95%-7.54%	2.17%-7.80%	3.66%-12.00%

The carrying amounts of the Group's borrowings were denominated both in RMB and United States dollars. The denominated amounts at the end of each of the Relevant Periods are as follows:

	At 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
RMB loans and borrowings	640,000	565,000	2,178,498
US$ loans and borrowings	492,951	755,737	256,070
	1,132,951	1,320,737	2,434,568

The Group's bank and other borrowings were secured by the pledges of the following assets at the end of each of the Relevant Periods as follows:

		At 31 December		
		2011	2012	2013
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Carrying value of the Group's assets:				
Investment properties	*14*	567,782	–	1,576,589
Properties under development	*15*	1,283,418	1,552,022	215,246
Completed properties held for sale	*21*	–	–	382,416
Pledged deposit	*24*	–	95,750	95,750
Property and equipment	*13*	–	–	31,472
		1,851,200	1,647,772	2,301,473
Mortgage value of related companies' assets:				
Properties under development	*31(3)(vii)*	–	318,500	–
Completed properties held for sale	*31(3)(vii)*	–	205,323	–
		–	523,823	–

29. SHARE CAPITAL AND RESERVES

(a) Share capital

The Company was incorporated on 2 July 2013 with limited liability in the Cayman Islands. On 2 July 2013, a total of 1,000,000 Shares were allotted and issued, nil-paid, by the Company to Zhong An. As a result, the entire issued share capital of the Company was wholly owned by Zhong An.

(b) Capital reserve

The capital reserve represented certain residual interests of the residential business retained in certain subsidiaries of the Group, which was contributed by Zhong An to the Group as more fully explained in the paragraph headed "Our Reorganisation" in the section headed "Our History and Reorganisation" in the Prospectus. The additions during the Relevant Periods mainly represented the additional contributions from Zhong An for the residential business results of the subsidiary.

(c) Statutory reserve

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 1 of this report are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

30. OTHER RESERVE

Other reserve represented the reserve from the share option scheme adopted by Zhong An Real Estate Limited (the "Parent Company"), the parent company of the Group, who operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations. The Scheme became effective on 15 May 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from the offer date.

Certain directors of the Group were granted these share options. In respect of their services to the Group, the relevant share-based payment transactions were accounted for in the combined financial statements for the Relevant Periods.

Pursuant to the Scheme adopted by the Parent Company, the initial maximum number of shares which may be allotted and issued upon exercise of all options granted (excluding options which have lapsed in accordance with the terms of the Scheme and other share option schemes of the Parent Company and its subsidiaries (the "Parent Group"), if any) under the Scheme and other share option schemes of the Parent Group (if any) must not exceed 10% of the shares of the Parent Company in issue as at 15 May 2009, being the date of approval of the Scheme by the shareholders at the annual general meeting of the Parent Company. Such maximum number may however be refreshed at a general meeting of the Parent Company by shareholders. In addition, no options may be granted under the Scheme or other share option schemes adopted by the Parent Group (if any) if the grant of such option will result in the maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted but yet to be exercised under the Scheme and other share option schemes adopted by the Parent Group (if any) exceeding 30% of the issued share capital of the Parent Company from time to time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Parent Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Parent Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Parent Company, or to any of their associates, in excess of 0.1% of the shares of the Parent Company in issue at any time or with an aggregate value (based on the price of the Parent Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted by the grantee within 21 days from the date of offer at a consideration of HK$1.00. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to five years and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of:

(i) the Stock Exchange closing price of the Parent Company's shares on the date of offer of the share options;

(ii) the average Stock Exchange closing price of the Parent Company's shares for the five trading days immediately preceding the date of offer; and

(iii) the nominal value of a share of the Parent Company.

The share options granted to certain directors of the Group were outstanding under the Scheme during the Relevant Periods:

	31 December 2011		31 December 2012		31 December 2013	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
	HK$ per share	*'000*	*HK$ per share*	*'000*	*HK$ per share*	*'000*
At 1 January	2.58	2,403	2.12	5,053	2.12	5,053
Granted during the year	1.85	2,650	–	–	–	–
At 31 December	2.12	5,053	2.12	5,053	2.12	5,053

The exercise prices and exercise periods of the share options granted to certain directors of the Group outstanding as at the end of each of the Relevant Periods are as follows:

		At 31 December		
Exercise price	**Exercise period**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*
HK$1.85	22 January 2014 to 21 January 2021	2,650	2,650	2,650
HK$2.58	9 July 2010 to 8 July 2019	2,403	2,403	2,403
		5,053	5,053	5,053

The Group recognised share option expense of RMB1,436,000, RMB1,174,000 and RMB1,185,000 for the years ended 31 December 2011, 2012 and 2013, respectively.

31. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
Mr. Shi Zhongan	Ultimate controlling shareholder
Zhong An Real Estate Limited	Company controlled by the ultimate controlling shareholders
Zhong An Group Co., Ltd.	Company controlled by the ultimate controlling shareholders
Ideal World Investments Limited	Company controlled by the ultimate controlling shareholders
Qirui Enterprise Management Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hong Kong Huiyuan Real Estate Limited	Company controlled by the ultimate controlling shareholders
Hangzhou Danube Real Estate Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hong Kong Bo Kai Construction Design Limited	Company controlled by the ultimate controlling shareholders
Esteem High Enterprises Limited	Company controlled by the ultimate controlling shareholders
Anhui Zhong An Real Estate Co., Ltd.	Company controlled by the ultimate controlling shareholders
Anhui Zhong An Real Estate Development Co., Ltd.	Company controlled by the ultimate controlling shareholders
Zhejiang Zhongan Property Development Co., Ltd.	Company controlled by the ultimate controlling shareholders
Zhejiang Anyuan Agriculture Development Co., Ltd.	Company controlled by the ultimate controlling shareholders
Yuyao Zhong An Property Co., Ltd.	Company controlled by the ultimate controlling shareholders
Yuyao Zhong An Property Development Co., Ltd.	Company controlled by the ultimate controlling shareholders
Zhejiang Zhong An Property Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hangzhou Anyuan Property Development Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hangzhou Zhong An Service Holding Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hangzhou Zhong An Property Co., Ltd.	Company controlled by the ultimate controlling shareholders
Plenty Management Limited	Company controlled by the ultimate controlling shareholders
Zhejiang Jinnong Investment Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hangzhou Xiaoshan Property Management Co., Ltd.	Company controlled by the ultimate controlling shareholders
Cixi Zhongan Property Co., Ltd.	Company controlled by the ultimate controlling shareholders
Hangzhou Zhong An Construction Design Co., Ltd.	Company controlled by the ultimate controlling shareholders

(2) Outstanding balances with related parties during the Relevant Periods:

(i) Amounts due from related companies

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Real Estate Limited	85,442	86,977	321,552
Zhong An Group Co., Ltd.	1,254,982	1,125,720	635,374
Ideal World Investments Limited	239,089	239,250	40,864
Hong Kong Huiyuan Real Estate Limited	178,377	241,292	162,315
Hangzhou Danube Real Estate Co., Ltd.	117,674	39,864	36
Hong Kong Bo Kai Construction Design Limited	94,584	126,042	94,898
Esteem High Enterprises Limited	126,111	289,565	122,299
Anhui Zhong An Real Estate Co., Ltd.	6,000	–	5,114
Hangzhou Zhong An Property Co., Ltd.	–	–	306,170
Cixi Zhongan Property Co., Ltd.	–	–	11,820
Zhejiang Zhong An Property Co., Ltd.	–	15	–
	2,102,259	2,148,725	1,700,442

Amounts due from the related parties were interest-free, unsecured and have no fixed terms of repayment except for the amounts due from Zhong An Group Co., Ltd., which bore interest rates ranged from 0.1% to 1.0% for the years ended 31 December 2011, 2012 and 2013, respectively.

(ii) Amounts due to related companies

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Real Estate Limited	1,635,074	1,424,726	1,353,418
Ideal World Investments Limited	1,134,613	1,134,622	1,095,823
Hangzhou Danube Real Estate Co., Ltd.	429,825	119,611	–
Hong Kong Bo Kai Construction Design Limited	4,799	4,802	4,656
Anhui Zhong An Real Estate Co., Ltd.	5,100	5,173	200
Yuyao Zhong An Property Co., Ltd.	139,076	142,449	693
Yuyao Zhong An Property Development Co., Ltd.	–	591,594	231,249
Hangzhou Anyuan Property Development Co., Ltd.	–	192,800	–
Zhejiang Zhongan Property Development Co., Ltd.	19,500	–	–
Zhejiang Anyuan Agriculture Development Co., Ltd.	200	200	–
Zhejiang Zhong An Property Co., Ltd.	–	639	–
Qirui Enterprise Management Co., Ltd.	–	–	9,108
Hangzhou Xiaoshan Property Management Co., Ltd.	–	–	541
Plenty Management Limited	–	–	41,625
	3,368,187	3,616,616	2,737,313

Amounts due to the related parties were interest-free, unsecured and have no fixed terms of repayment except for the amounts due to Hangzhou Danube Real Estate Co., Ltd., which bore interest rates of 6.0% for the years ended 31 December 2012 and amounts due to Yuyao Zhong An Property Development Co., Ltd., which bore interest rates ranged from 11.3% and 12.0% for the years ended 31 December 2012 and 2013, respectively.

(3) In addition to the transactions and balances disclosed elsewhere in the Financial Information, the following transactions were carried out with related parties during the Relevant Periods:

(i) Car parks and retail shops management service income

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Anhui Zhong An Real Estate Development Co., Ltd.	4,000	5,500	543
Anhui Zhong An Real Estate Co., Ltd.	836	1,931	500
Hangzhou Danube Real Estate Co., Ltd.	521	809	575
Hangzhou Anyuan Property Development Co., Ltd.	–	–	500
	5,357	8,240	2,118

(ii) Property service fee

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhejiang Zhong An Property Co., Ltd.	2,114	2,400	6,855

(iii) Design fee

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Hangzhou Zhong An Construction Design Co., Ltd.	–	–	7,667

(iv) Purchase of plants and trees

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhejiang Anyuan Agriculture Development Co., Ltd.	2,605	–	33

(v) Interest income

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Group Co., Ltd.	10,928	1,105	1,199

(vi) Interest expense

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Hangzhou Danube Real Estate Co., Ltd.	–	56,011	–
Yuyao Zhong An Property Development Co., Ltd.	–	94,166	84,777
Total interest	–	150,177	84,777
Less: Interest capitalised in properties under development	–	(150,177)	(84,777)
	–	–	–

(vii) Mortgage and guarantee

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Receive mortgage			
Hangzhou Danube Real Estate Co., Ltd.	–	205,323	–
Yuyao Zhong An Property Co., Ltd.	–	318,500	–
	–	523,823	–
Receive guarantee			
Zhong An Real Estate Limited	–	334,425	–
Zhong An Group Co., Ltd.	–	150,000	–
	–	484,425	–

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Provide mortgage			
Zhong An Group Co., Ltd.	1,387,110	1,547,110	–
Hangzhou Danube Real Estate Co., Ltd.	108,573	108,573	–
Zhejiang Jinnong Investment Co., Ltd.	102,519	102,519	
Zhejiang Anyuan Agriculture Development Co., Ltd.	50,070	50,070	–
Yuyao Zhong An Property Development Co., Ltd.	500,000	500,000	–
Hangzhou Zhong An Service Holding Co., Ltd.	–	36,140	–
	2,148,272	2,344,412	–
Provide guarantee			
Zhong An Group Co., Ltd.	–	160,000	160,000

(viii) Compensation of key management personnel

Compensation of key management personnel of the Group which comprises the remuneration of the directors is disclosed in note 8.

(ix) As at 31 December 2013, Zhong An Group has agreed to provide financial support to the Group for one year (note 2.1(a));

32. MATERIAL PARTLY-OWNED SUBSIDIARIES

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interest held by non-controlling interests:

	At 31 December		
	2011	**2012**	**2013**
Zhejiang Zhong An Sheng Long Commercial Co., Ltd. ("Zhong An Sheng Long")	10%	10%	10%
Hangzhou Zheng Jiang Real Estate Development Co., Ltd. ("Hangzhou Zheng Jiang")	7.5%	7.5%	7.5%

Accumulated balances of material non-controlling interests:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Sheng Long	136,013	142,373	147,125
Hangzhou Zheng Jiang	1,903	2,284	24,596

Profit/(loss) allocated to material non-controlling interests:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhong An Sheng Long	13,661	6,360	4,752
Hangzhou Zheng Jiang	(891)	381	22,312

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations.

Zhong An Sheng Long

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	51,795	53,598	36,074
Changes in fair value of investment properties	140,330	58,300	54,900
Total expenses	(55,509)	(48,302)	(43,453)
Profit for the year	136,616	63,596	47,521
Total comprehensive for the year	136,616	63,596	47,521
Current assets	1,519,385	1,320,620	1,968,568
Non-current assets	2,529,276	2,763,867	2,917,820
Current liabilities	(2,347,813)	(2,305,467)	(3,046,122)
Non-current liabilities	(340,717)	(355,292)	(369,017)
Net cash flows from operating activities	240,845	173,022	60,560
Net cash flows used in investing activities	(240,845)	(173,022)	–
Net cash flows used in financing activities		–	–
Net increase in cash and cash equivalents	–	–	60,560

Hangzhou Zheng Jiang

	Year ended 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	782,917
Fair value gain upon transfer to investment properties	–	–	256,292
Changes in fair value of investment properties	–	–	1,400
Investment income	–	19,213	–
Total expenses	(11,885)	(14,134)	(743,114)
Profit for the year	(11,885)	5,079	297,495
Total comprehensive for the year	(11,885)	5,079	297,495
Current assets	1,121,075	1,349,085	1,229,136
Non-current assets	19,235	24,583	393,574
Current liabilities	(674,936)	(1,343,215)	(629,339)
Non-current liabilities	(440,000)	–	(665,423)
Net cash flows (used in)/from operating activities	(353,239)	4,558	146,384
Net cash flows used in investing activities	(2,815)	–	(494)
Net cash flows from/(used in) financing activities	340,000	(50,000)	(161,000)
Net decrease in cash and cash equivalents	(16,054)	(45,442)	(15,110)

33. COMMITMENTS

The Group had the following commitments for property development expenditure at the end of each of the Relevant Periods:

	At 31 December		
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Properties under development	271,746	551,155	888,605

34. OPERATING LEASE COMMITMENTS

As lessor

The Group leases out its investment properties under operating lease arrangements on terms ranging from one to twenty five years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 31 December 2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Within one year	54,349	55,827	67,234
In the second to fifth years, inclusive	118,428	117,812	144,378
After five years	30,062	25,291	46,292
	202,839	198,930	257,904

As lessee

The Group leases certain of its office premises under operating lease arrangements, negotiated for terms of five years with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December 2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,831	1,253	2,671
In the second to fifth years, inclusive	1,843	1,080	10,935
After five years	2,649	2,369	20,885
	6,323	4,702	34,491

35. CONTINGENT LIABILITIES

	Notes	*At 31 December* 2011	2012	2013
		RMB'000	*RMB'000*	*RMB'000*
Guarantees given to banks for:				
Mortgage facilities granted to purchasers of the Group's properties	*(a)*	102,274	213,100	222,930
Guarantees given to banks in connection with facilities granted to related companies	*(31(vii))*	–	160,000	160,000
		102,274	373,100	382,930

(a) The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

36. NOTE TO THE COMBINED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year ended 31 December 2013, the associate of the Group declared a dividend of RMB172,198,000 to the Group, which was not received as at 31 December 2013.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2013

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	–	3,300	3,300
Long term deposit	12,232	–	12,232
Trade receivables	9,270	–	9,270
Financial assets included in prepayments, deposits and other receivables	44,142	–	44,142
Amounts due from related companies	1,700,442	–	1,700,442
Restricted cash	99,165	–	99,165
Cash and cash equivalents	223,993	–	223,993
	2,089,244	3,300	2,092,544

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	466,224
Financial liabilities included in other payables and accruals	62,148
Amounts due to related companies	2,737,313
Interest-bearing bank and other borrowings	2,434,568
	5,700,253

31 December 2012

Financial assets

	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Available-for-sale investments	–	5,610	5,610
Long term deposit	5,479	–	5,479
Trade receivables	2,812	–	2,812
Financial assets included in prepayments, deposits and other receivables	47,040	–	47,040
Amounts due from related companies	2,148,725	–	2,148,725
Restricted cash	122,916	–	122,916
Cash and cash equivalents	179,500	–	179,500
	2,506,472	5,610	2,512,082

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade payables	220,785
Financial liabilities included in other payables and accruals	53,812
Amounts due to related companies	3,616,616
Interest-bearing bank and other borrowings	1,320,737
	5,211,950

31 December 2011

Financial assets

	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Available-for-sale investments	–	5,610	5,610
Long term deposit	5,479	–	5,479
Trade receivables	2,740	–	2,740
Financial assets included in prepayments, deposits and other receivables	328,233	–	328,233
Amounts due from related companies	2,102,259	–	2,102,259
Restricted cash	8,651	–	8,651
Cash and cash equivalents	149,408	–	149,408
	2,596,770	5,610	2,602,380

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	266,309
Financial liabilities included in other payables and accruals	38,428
Amounts due to related companies	3,368,187
Interest-bearing bank and other borrowings	1,132,951
	4,805,875

38. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	2013	**2012**	**2013**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Long term deposit	12,232	5,479	12,232	5,479
Cash and cash equivalents	223,993	179,500	223,993	179,500
Restricted cash	99,165	122,916	99,165	122,916
Trade receivables	9,270	2,812	9,270	2,812
Financial assets included in prepayments, deposits and other receivables	44,142	47,040	44,142	47,040
Amounts due from related companies	1,700,442	2,148,725	1,700,442	2,148,725
Available-for-sale investments	3,300	5,610	3,300	5,610
	2,092,544	2,512,082	2,092,544	2,512,082
Financial liabilities				
Trade payables	466,224	220,785	466,224	220,785
Financial liabilities included in other payables and accruals	62,148	53,812	62,148	53,812
Amounts due to related companies	2,737,313	3,616,616	2,737,313	3,616,616
Interest-bearing bank and other borrowings	2,434,568	1,320,737	2,349,871	1,256,508
	5,700,253	5,211,950	5,615,556	5,147,721

	Carrying amounts 2011 *RMB'000*	Fair values 2011 *RMB'000*
Financial assets		
Long term deposit	5,479	5,479
Cash and cash equivalents	149,408	149,408
Restricted cash	8,651	8,651
Trade receivables	2,740	2,740
Financial assets included in prepayments, deposits and other receivables	328,233	328,233
Amounts due from related companies	2,102,259	2,102,259
Available-for-sale investments	5,610	5,610
	2,602,380	2,602,380
Financial liabilities		
Trade payables	266,309	266,309
Financial liabilities included in other payables and accruals	38,428	38,428
Amounts due to related companies	3,368,187	3,368,187
Interest-bearing bank and other borrowings	1,132,951	1,029,081
	4,805,875	4,702,005

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of available-for-sale investments and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

All the above financial assets and liabilities had Level 2 input other than available-for-sale investments which had Level 3 input. The fair value hierarchy of investment properties was disclosed in note 14 to the financial information.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk.

The following table demonstrates the sensitivity to change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/(decrease) in basis points	**Increase/(decrease) in profit before tax** *RMB'000*	**Increase/(decrease) in equity** *RMB'000*
31 December 2013			
RMB	50	(7,392)	(5,544)
US$	50	(1,280)	(960)
RMB	(50)	7,392	5,544
US$	(50)	1,280	960
31 December 2012			
RMB	50	(2,825)	(2,119)
US$	50	(3,714)	(2,786)
RMB	(50)	2,825	2,119
US$	(50)	3,714	2,786
31 December 2011			
RMB	50	(3,200)	(2,400)
US$	50	(2,465)	(1,849)
RMB	(50)	3,200	2,400
US$	(50)	2,465	1,849

(b) Foreign currency risk

The Group's businesses are located in Mainland China and all transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for certain bank balances and bank loans denominated in US$.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the US$ exchange rates, with all other variables hold constant, of the Group profit before tax and the Group's equity.

	Increase/ (decrease) in foreign currency rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2013			
If RMB weakens against US$	5	1,376	1,032
If RMB strengthens against US$	(5)	(1,376)	(1,032)
31 December 2012			
If RMB weakens against US$	5	(24,583)	(18,437)
If RMB strengthens against US$	(5)	24,583	18,437
31 December 2011			
If RMB weakens against US$	5	(24,643)	(18,482)
If RMB strengthens against US$	(5)	24,643	18,482

(c) Credit risk

The Group has no concentration of credit risk. The Group's cash and cash equivalents are mainly deposited with overseas banks and state-owned banks in Mainland China. The carrying amounts of the other receivables, restricted cash and cash and cash equivalents included in the combined statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk. The Group has arranged bank financing for certain purchasers of its property units and has provided guarantees to secure the obligations of such purchasers for repayments. Detailed disclosures of these guarantees are made in note 35.

(d) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2013					
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	47,276	267,278	2,115,718	544,491	2,974,763
Trade payables	466,224	–	–	–	–	466,224
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties	–	222,930	–	–	–	222,930
Guarantees given to banks in connection with facilities granted to related companies	–	–	–	–	160,000	160,000
Amounts due to related companies	2,737,313	–	–	–	–	2,737,313
Other payables and accruals	62,148	–	–	–	–	62,148
	3,265,685	270,206	267,278	2,115,718	704,491	6,623,378

	31 December 2012					
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	19,638	595,331	757,782	–	1,372,751
Trade payables	220,785	–	–	–	–	220,785
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties	–	213,100	–	–	–	213,100
Guarantees given to banks in connection with facilities granted to related companies	–	–	–	–	160,000	160,000
Amounts due to related companies	3,616,616	–	–	–	–	3,616,616
Other payables and accruals	53,812	–	–	–	–	53,812
	3,891,213	232,738	595,331	757,782	160,000	5,637,064

	31 December 2011				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5r years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	90,717	153,363	971,681	1,215,761
Trade payables	266,309	–	–	–	266,309
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties	–	102,274	–	–	102,274
Amounts due to related companies	3,368,187	–	–	–	3,368,187
Other payables and accruals	38,428	–	–	–	38,428
	3,672,924	192,991	153,363	971,681	4,990,959

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	At 31 December		
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	1,132,951	1,320,737	2,434,568
Trade payables	266,309	220,785	466,224
Other payables and accruals	59,850	75,362	84,976
Less: Cash and cash equivalents	(149,408)	(179,500)	(223,993)
Net debt	1,309,702	1,437,384	2,761,775
Equity attributable to owners of the parent	1,838,729	1,918,909	2,326,407
Capital and net debt	3,148,431	3,356,293	5,088,182
Gearing ratio	42%	43%	54%

40. EVENTS AFTER THE REPORTING PERIOD

The amounts due to the Company's intermediate holding company as at 31 December 2013 will be settled by way of loan capitalization or repaid in full prior to the Listing Date.

On 31 May 2014, a deed of indemnity was executed by Zhong An and Ideal World in favour of the Company. Zhong An and Ideal World have undertaken to the Company that they will indemnify and keep the Group fully indemnified from any losses arising from or in connection with the implementation of the Reorganization.

On 20 March 2014, the Group entered into a sale and purchase agreement with Hong Kong Huiyuan Real Estate Limited ("Hong Kong Huiyuan") to dispose of the Group's 100% interest in Hangzhou Junjie Investment Co., Ltd. ("Hangzhou Junjie") and Hangzhou Huijun Information Technology Co., Ltd. ("Hangzhou Huijun"), for a consideration of 30% equity interest of Yuyao Zhong An Time Square Property Co., Ltd and a cash consideration of approximately RMB618 million. Prior to the transaction, Hangzhou Danube Real Estate Co., Ltd. ("Hangzhou Danube") was an associate of the Group and its 17.5% and 9.0% equity interests were owned by Hangzhou Huijun and Hangzhou Junjie, respectively. Both Hong Kong Huiyuan and the Group are under the control of Zhong An. The transaction was completed in April 2014 and no gain or loss was recognised. Immediately following such transfer, each of Hangzhou Junjie and Hangzhou Huijun ceased to be subsidiaries of the Group while Hangzhou Danube Real Estate Co., Ltd. ceased to be an associate of the Group. Yuyao Zhong An Time Square Property Co., Ltd. became a wholly-owned subsidiary of the Group subsequent to this transaction.

In March 2014, the Group has successfully negotiated with a bank for a five-year banking facility which amounted to RMB5,000,000,000.

On 3 March 2014, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Cixi Zhongan Property Co., Ltd. ("Cixi Zhongan"), which mainly holds a piece of commercial land and has not yet commenced its operation, from Zhong An Sheng Long for a cash consideration RMB50 million. The Group accounted for this transaction as an acquisition of assets.

Cixi Zhongan is a limited liability company established in the PRC on 6 December 2013 as a result of the demerger of Cixi Property Development, its predecessor company, as part of the Reorganization. Cixi Zhongan is a company principally engaged in commercial property development in Cixi, Zhejiang Province.

Cixi Zhongan does not have significant profit or loss since its date of establishment. Its statement of financial position as at 31 December 2013 is set out below:

Financial Information of Cixi Zhongan

Statement of financial position

	31 December 2013
	RMB'000
NON-CURRENT ASSETS	
Properties under development	61,820
Total non-current assets	61,820
CURRENT LIABILITIES	
Amounts due to a related company	11,820
Total current liabilities	11,820
NET CURRENT LIABILITIES	(11,820)
NET ASSETS	50,000
EQUITY	
Capital	50,000
Total equity	50,000

Further details of the above transactions are included in section headed "Summary of material contracts" and "Other information" in Appendix V to this prospectus.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2013.

Yours faithfully
ERNST & YOUNG
Certified Public Accountants
Hong Kong

The following unaudited pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is for illustrative purpose only, and is set out herein to provide the prospective investors with further financial information about how the proposed listing might have affected the combined net tangible assets of the Group after the completion of the Global Offering.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position and results.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial position.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Our unaudited pro forma adjusted combined net tangible assets has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on December 31, 2013. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of our financial position.

	Combined net tangible assets attributable to owners of the Company as of December 31, 2013	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted combined net tangible assets**	**Unaudited pro forma adjusted combined net tangible assets per Share**	**Unaudited pro forma adjusted combined net tangible assets per Share**
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$2.12 per Share	2,326,407	735,183	3,061,590	1.76	2.22
Based on an Offer Price of HK$2.92 per Share	2,326,407	1,025,339	3,351,746	1.93	2.43

Notes:

1. The combined net tangible assets attributable to owners of the Company as of December 31, 2013 is arrived at after deducting nil intangible assets from the audited combined equity attributable to owners of the Company of RMB2,326,407 as of December 31, 2013, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$2.12 or HK$2.92 per Share after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,738,000,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2013 and an Offer Price of HK$2.12 per Share, being the low end of the Offer Price range, and 1,738,000,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2013 and an Offer Price of HK$2.92 per Share, being the high end of the Offer Price range, excluding Shares which may be issued upon the exercise of the Over-allotment Option.

4. The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.79486.

5 No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2013.

B. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, received from the reporting accountants of the Company, Ernst & Young, prepared for inclusion in this prospectus, in respect of the Group's unaudited pro forma financial information.

EY 安永

22/F CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

17 June 2014

The Directors

China New City Commercial Development Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of China New City Commercial Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at December 31, 2013, and related notes as set out on pages II-1 to II-2 of the Prospectus issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note A.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at December 31, 2013 as if the transaction had taken place at December 31, 2013. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended December 31, 2013, on which an accountant's report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
ERNST & YOUNG
Certified Public Accountants
Hong Kong

CBRE

4/F Three Exchange Square
8 Connaught Place
Central, Hong Kong
T 852 2820 2800
F 852 2810 0830

香港中環康樂廣場八號交易廣場第三期四樓
電話 852 2820 2800 傳真 852 2810 0830

www.cbre.com.hk

地產代理(公司)牌照號碼
Estate Agent's License No: C-004065

17 June 2014

The Board of Directors
China New City Commercial Development Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

In accordance with the instructions for us to value the property interests (the "Properties") held by China New City Commercial Development Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the Properties as at 30 April 2014 (the "date of valuation").

Valuation Basis, Assumptions and Methodology

Unless otherwise stated, this valuation is prepared in accordance with the "HKIS Valuation Standards (2012 Edition)" published by the Hong Kong Institute of Surveyors. We have also complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the rules contained in Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases on the Securities and Futures Commission (the "Takeovers Codes").

Our valuation is our opinion of Market Value which is defined by the HKIS Valuation Standards on Properties to mean "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".

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, lease arrangements with property owners, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value and is made on the assumption that the owner sells the Properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Properties. The valuation of the Properties is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

A potential tax liability which might arise if the assets were to be sold at the amount of the valuation, including but not limited to profit tax, business tax, land appreciation tax, capital gain tax and any other relevant taxes prevailing at the time in the respective jurisdiction. The basis and definition of market value do not allow any taxation that may be incurred in effecting sales and therefore we have not considered such tax liability in the valuation process.

Unless otherwise stated, we have assumed that transferable land use rights in respect of the property interests for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the property interests for the whole of the respective unexpired terms as granted.

Unless otherwise stated, all the Properties are valued by the Direct Comparison Approach on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession; and making reference to comparable sales transactions as available in the relevant markets. The Direct Comparison Approach (also known as the market approach) is based on comparing the property to be valued directly with other comparable properties. Comparable properties of similar size, character and location are analyzed, and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. Physical condition, location and economic characteristics are important criteria to be analysed when comparing to the Property.

No allowance has been made in our valuation neither 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 of encumbrances, restrictions and outgoings of onerous nature which could affect their values. Unless otherwise stated, we have valued the Properties on the assumption that they are freely transferable for their existing uses for the whole of the unexpired term of land use rights as granted to both local and overseas purchasers without payment of any premium to the relevant authorities.

For the property interests in Group I, which are property interests held by the Group for investment, we have valued each of the property interests by both the direct comparison approach and income approach. The direct comparison approach assumes sale of each of the property interests in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession and making references to comparable sale transactions as available in the relevant markets. Income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, where market yields adopted in our valuation were in the range of 5% to 6.5%. Equal weightings 50% and 50% are applied on the two above-mentioned approaches to derive the final value of each property, which means, if value derived from direct comparison approach is (1), value derived from income approach is (2), then final value equals (1) x 50% + (2) x 50%.

For the property interests in Group II, which are held by the Group for sale and occupation in the PRC, we have valued each of these property interests by the direct comparison approach. We have assumed sale of each of these property interests in its existing state with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant markets. In our valuation, completed real estate developments are those with Completed Construction Works Certified Reports or Building Ownership Certificates or any other documents certifying the completion of the building having been issued by the relevant local authorities.

For the property interests in Group III, which is property interests held by the Group under development, we have valued the property interests on the basis that the property interests will be or can be developed and completed in accordance with the Group's latest development schemes provided to us. We have assumed that approvals from relevant authorities for such schemes have been obtained. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable land evidence available in the relevant markets as at the date of valuation and have also taken into account the development costs already incurred as well as those costs to be incurred in order to accurately reflect the quality of the completed development. In our valuation, the properties under development are those where the Construction Works Commencement Permits have been obtained however the Construction Works Completed Certified Reports have not been issued.

For the property interests in Group IV, which is property interests held by the Group for future development, we have adopted the direct comparison approach by making reference to land sales evidence available in the relevant markets to arrive our opinion of value. In our valuation, the properties held for future development are those of which the State-owned Land Use Rights Certificates has been issued whilst the Construction Works Commencement Permits has not been issued.

For the property interests in Group III and Group IV, we reserve the right to reviewing the capital value opinion if there is any material change to the state of the property interests concerned. The change of the approvals, including the development parameters approved, delay on getting the approvals from the relevant authorities, and any similar issues that render a change on the development parameters advised to us, are considered the potential risks that may render a material change on the capital value of the property interests.

For the property interests in Group V, which are property interests to be acquired by the Group of which the Group has entered into agreements with the relevant owners of the properties or the relevant government authorities, we have ascribed no commercial value to the property interests since the Group has not yet obtained the State-owned Land Use Rights Certificates and/or the land premium has not yet been fully settled as at the date of valuation.

In the course of our valuation, we reserve the right to review our opinion of capital value should there be any material change on the current financing position, the particular fund chain of the seller and/ or the potential buyers in the market and any similar issues that would affect the development period, the sale schedule and anything related to the disposal progress or the capital value realization of the property interests.

It is further pointed out that property interests in Group III and Group IV assets are subject to much higher value volatility owing to multiple variables such as market financing change in supply and/or demand, building costs, market pricing and disposal period.

Sources of Information

For the property interests in the PRC, we have relied on the legal opinion provided by the Group's PRC legal adviser, JT&N Law Firm (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to the property interests in the PRC. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information provided by the Group, in particular, but not limited to, the sales records, planning approvals, development schemes, outstanding development costs, statutory notices, easements, tenancies, floor areas (including Gross Floor Areas, Saleable Gross Floor Areas and Non-saleable Gross Floor Areas). No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations.

We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the Properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the Properties are free of rot, infestation or any other structural defects.

No site investigation was carried out to determine the suitability of the subsoil condition and services etc. for the construction of building and we have assumed that these aspects are satisfactory. Our valuation does not make any allowance for contamination or pollution of the land, if any, which may be occurred as a result of past usage. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

Consent

CBRE Limited provides it consent for the inclusion of this Summary Letter within the Prospectus for China New City Commercial Development Limited subject to Zhong An Real Estate Limited making recipients of the Prospectus document aware of the following liability disclaimers.

Liability and Disclaimers

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. They may not be used for any purposes other than the intended purpose mentioned above.

The liability of CBRE Limited and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third parties is accepted.

Zhong An Real Estate Limited agrees to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. Your obligation for indemnification and reimbursement shall extend to any controlling person of CBRE Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with the engagement, regardless of legal theory advanced, such liability with be limited to the three times of the amount of fees we received for this engagement.

The site inspection was carried out in January 2014 by Ms. Demi Huang, a China Real Estate Appraiser, Ms. Joanna Wong, Mr. Stephan Zhou, Mr. Alex Jin and Mr. Tony Jiao.

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
CBRE Limited
Leo M Y Lo MRICS MHKIS RPS(GP)
Senior Director
Valuation & Advisory Services
Greater China

Note: Mr. Leo M Y Lo is a Registered Professional Surveyor (General Practice), a member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 9 years' valuation experience in the PRC and Hong Kong.

SUMMARY OF VALUES

	Property	Capital value in existing state as at 30 April 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2014 *(RMB)*
Group I – Property interests held by the Group for investment in the PRC				
1.	Various retail units of Level 1 to Level 2 and the whole block of No.43 commercial building, Landscape Garden (山水苑), Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	128,500,000	90%	115,700,000
2.	Portion of Level 1 and the whole of Level 2 to Level 4, Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	79,900,000	90%	71,900,000
3.	Various office units, retail units and serviced apartment units of Highlong Plaza (恒隆廣場), Shanyin Road and Gongren Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	1,734,500,000	90%	1,561,100,000
4.	Basement 1 to Level 15, Guomao Building (國貿大厦), No.93 Shixin Road, Chengxiang Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	152,400,000	81%	123,400,000
5.	A retail shop unit on Level 1, La Vie (逸樂軒), No.433 Changle Road, Xuhui District, Shanghai City, the People's Republic of China	14,800,000	90%	13,300,000
6.	Various retail units of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	385,700,000	92.5%	356,800,000
	Sub-total:	**2,495,800,000**		**2,242,200,000**

	Property	Capital value in existing state as at 30 April 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2014 *(RMB)*
Group II – Property interests held by the Group for sale and occupation in the PRC				
7.	Units 609, 611, 612 and 613, Xihu Guomao Center（西湖國貿中心）, No.58 Changsheng Road, Shangcheng District, Hangzhou City, Zhejiang Province, the People's Republic of China	20,900,000	90%	18,800,000
8.	Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）and 467 car parking spaces of Highlong Plaza（恒隆廣場）, No.688 Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	674,700,000	90%	607,200,000
9.	Various retail units, office units and 41 car parking spaces of Integrated Service Center（綜合服務中心）, East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	13,900,000	90%	12,500,000
10.	Various retail units, residential units and 186 car parking spaces of White Horse Noble Mansion（白馬尊邸）, Intersection of Houren Road and Jinjiadu River, Xihu District, Hangzhou City, Zhejiang Province, the People's Republic of China	63,800,000	99.7%	63,600,000
11.	58 car parking spaces of Landscape Garden（山水苑）, Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	4,800,000	90%	4,300,000
12.	43 car parking spaces of New White Horse Apartments（新白馬公寓）, Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	5,600,000	90%	5,000,000
13.	Various serviced apartment units, clubhouses, 343 car parking spaces and one retail unit of Hidden Dragon Bay（隱龍灣）, Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	2,152,600,000	92.5%	1,991,200,000
	Sub-total:	**2,936,300,000**		**2,702,600,000**

	Property	Capital value in existing state as at 30 April 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2014 *(RMB)*
Group III – Property interests held by the Group under development in the PRC				
14.	Plot A3 (Jiarun Mansion), Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	3,978,000,000	100%	3,978,000,000
15.	Phase I of Zhong An Times Square (衆安時代廣場一期), South of West Ring Road and West of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province, the People's Republic of China	1,176,000,000	90%	1,058,400,000
16.	Phase II of Zhong An Times Square (衆安時代廣場二期), South of West Ring Road and West of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province, the People's Republic of China	1,607,000,000	93%	1,494,500,000
17.	Qiandao Lake Run Zhou Resort Hotel (千島湖潤洲度假酒店), Da Shi Ping, Qiandaohu Town, Chun'an County, Hangzhou City, Zhejiang Province, the People's Republic of China	269,000,000	100%	269,000,000
18.	Jia Run Square (嘉潤廣場), South of Xiandai Avenue, north of Xinqi Lane, east of Yuying Road and west of Sian Road, Wuzhong District, Suzhou City, Jiangsu Province, the People's Republic of China	1,025,000,000	45%	461,300,000
	Sub-total:	**8,055,000,000**		**7,261,200,000**

	Property	Capital value in existing state as at 30 April 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2014 *(RMB)*
Group IV – Property interests held by the Group for future development in the PRC				
19.	Reserved land (Plot A1 and A2) of Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	3,433,000,000	100%	3,433,000,000
20.	Two parcels of commercial land, Longshan Town, Cixi City, Ningbo City, Zhejiang Province, the People's Republic of China	60,100,000	90%	54,100,000
	Sub-total:	**3,493,100,000**		**3,487,100,000**

	Property	Capital value in existing state as at 30 April 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2014 *(RMB)*
Group V – Property interests contracted to be acquired by the Group in the PRC				
21.	A parcel of developing land, South of East Renmin Road, Xiangshan District, Huaibei City, Anhui Province, the People's Republic of China			No commercial value
22.	A parcel of commercial land, Shushan Street, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China			No commercial value
	Sub-total:	**No commercial value**		**No commercial value**
	Grand Total:	**16,980,200,000**		**15,693,100,000**

VALUATION CERTIFICATE

Group I – Property interests held by the Group for investment in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
1.	Various retail units of Level 1 to Level 2 and the whole block of No.43 commercial building, Landscape Garden（山水苑）, Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the east side of Xiang Lake Tourism Resort which is 10 minute walking distance.	The property comprises 25 retail shop units with a total gross floor area of approximately 3,039.46 sqm in a 2-storey retail podium of Phase I and a whole block of 4-storey retail building with a total gross floor area of approximately 7,845.81 sqm of Phase II. Landscape Garden ("the Development") was developed in two phases, occupying a site with a total land area of approximately 87,333.33 sqm ("the Site") is a residential development with retail podiums. Phase I of the property was completed in 2005 and Phase II of the property was completed in 2006. The Site is held under a State-owned Land Use Rights Certificate for a term expiring on 18 December 2071.	Portion of the property with a total gross floor area of approximately 5,264.68 sqm has been tenanted to various tenants as retail shops at a total monthly rent of RMB148,947 for various terms with the latest expiry date on 21 March 2021. The remaining portion of the property with a total gross floor area of approximately 5,620.59 sqm is currently vacant.	128,500,000 (90% interests attributable to the Group: 115,700,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500044 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 53,260 sqm, in which the property is located therein, have been granted to the Group for residential use for a term of 70 years with the expiry date on 18 December 2071.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500043 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 34,073.33 sqm, in which the property is located therein, have been granted to the Group for residential and commercial use for a term of 70 years with the expiry date on 18 December 2071.

3. Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Hangzhou City, the land use rights of the property is held by the Group:

State-owned Land Use Rights Certificate Number	**Date of Issuance**	**Use**	**Site Area** *(sqm)*	**Date of Expiry**
Hang Xiao Guo Yong (2014) No.000858	10 February 2014	Commercial	477.50	18 December 2041
Hang Xiao Guo Yong (2014) No.000860	10 February 2014	Commercial	642.00	18 December 2041
Hang Xiao Guo Yong (2014) No.000862	10 February 2014	Commercial	642.00	18 December 2041
Hang Xiao Guo Yong (2014) No.000863	10 February 2014	Commercial	427.80	18 December 2041
Hang Xiao Guo Yong (2014) No.000864	10 February 2014	Commercial	37.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001192	25 February 2014	Commercial	54.10	18 December 2041
Hang Xiao Guo Yong (2014) No.001193	25 February 2014	Commercial	33.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001199	25 February 2014	Commercial	11.80	18 December 2041
Hang Xiao Guo Yong (2014) No.001206	25 February 2014	Commercial	15.30	18 December 2041
Hang Xiao Guo Yong (2014) No.001210	25 February 2014	Commercial	9.70	18 December 2041
Hang Xiao Guo Yong (2014) No.001212	25 February 2014	Commercial	13.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001215	25 February 2014	Commercial	16.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001219	25 February 2014	Commercial	37.10	18 December 2041
Hang Xiao Guo Yong (2014) No.001220	25 February 2014	Commercial	46.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001222	25 February 2014	Commercial	46.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001224	25 February 2014	Commercial	12.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001225	25 February 2014	Commercial	12.20	18 December 2041
Hang Xiao Guo Yong (2014) No.001227	25 February 2014	Commercial	12.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001228	25 February 2014	Commercial	30.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001230	25 February 2014	Commercial	55.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001231	25 February 2014	Commercial	22.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001232	25 February 2014	Commercial	23.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001233	25 February 2014	Commercial	19.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001235	25 February 2014	Commercial	40.10	18 December 2041
Hang Xiao Guo Yong (2014) No.001236	25 February 2014	Commercial	17.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001290	27 February 2014	Commercial	51.90	18 December 2041

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sqm)*	Date of Expiry
Hang Xiao Guo Yong (2014) No.001291	27 February 2014	Commercial	37.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001292	27 February 2014	Commercial	25.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001293	27 February 2014	Commercial	19.80	18 December 2041
		Total:	**2,890.40**	

4. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, the building ownership of the property is held by the Group:

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Phase I			
Hang Fang Quan Zheng Xiao Yi Zi No.13315108	29 October 2013	155.41	Commercial and Trade
Hang Fang Quan Zheng Xiao Yi Zi No.13323293	13 December 2013	74.90	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323328	13 December 2013	61.51	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323330	13 December 2013	76.22	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323331	13 December 2013	72.88	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323332	13 December 2013	192.18	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323333	13 December 2013	155.41	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323334	13 December 2013	192.18	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323335	13 December 2013	153.15	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323336	13 December 2013	105.37	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323337	13 December 2013	80.10	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323338	13 December 2013	65.95	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323339	13 December 2013	138.21	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323340	13 December 2013	125.70	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323341	13 December 2013	213.30	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323342	13 December 2013	92.68	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323343	13 December 2013	63.09	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323347	13 December 2013	94.38	Residential Service

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Hang Fang Quan Zheng Xiao Yi Zi No.13323348	13 December 2013	69.81	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323349	13 December 2013	164.84	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323350	13 December 2013	225.99	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323351	13 December 2013	222.53	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323353	13 December 2013	79.95	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323354	13 December 2013	77.40	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323358	13 December 2013	86.32	Residential Service
	Sub-total:	**3,039.46**	
Phase II			
Hang Fang Quan Zheng Xiao Yi Zi No.13315135	29 October 2013	1,533.12	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13315136	29 October 2013	2,300.71	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13318807	26 November 2013	2,300.71	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13318809	26 November 2013	1,711.27	Residential Service
	Sub-total:	**7,845.81**	
	Total:	**10,885.27**	

5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee; The Group legally has the building ownership to the property to be sold. The Group is entitled to occupy, use, lease, sale, or mortgage the property.

   (b) The Group has obtained necessary pre-sold permits, all pre-sale transactions are legal and valid;

   (c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties; and

(d) The following portions of the property are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Yi Zi No.13315136 (2,300.71 sqm) Hang Fang Quan Zheng Xiao Yi Zi No.13315135 (1,533.12 sqm)	33100620130047942	8 November 2013	Agricultural Bank of China Limited Hangzhou Xiaoshan Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
2.	Portion of Level 1 and the whole of Level 2 to Level 4, Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the central area of Xiaoshan District which is approximately 5 minutes' driving distance from the Hangzhou South Station.	The property comprises portion of Level 1 and the whole of Level 2 to Level 4 with a total gross floor area of approximately 5,913.49 sqm. Integrated Service Center ("the Development") occupying a site with a land area of approximately 2,979.34 sqm ("the Site") has a total gross floor area of approximately 9,417.97 sqm above the ground and a total gross floor area of approximately 1,746.30 sqm under the ground. The property was completed in 2005. The property is held under two State-owned Land Use Rights Certificates for a term expiring on 8 March 2051 for mixed use and agricultural market use respectively.	Level 1 and Level 2 of the property with a total gross floor area of approximately 2,949.46 sqm have been tenanted to Hangzhou Lianhua Huashang Group Co., Ltd. for supermarket use for a term expiring on 14 September 2015 at a current monthly rent of RMB141,453. Level 3 of the property with a total gross floor area of approximately 1,728.08 sqm have been tenanted to Qi Guojie for a term expiring on 21 April 2021 at a current monthly rent of RMB57,819.	79,900,000 (90% interests attributable to the Group: 71,900,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Hangzhou Bureau of Land and Resources, the land use rights of the Site with a total site area of approximately 1,137.8 sqm, where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sqm)*	Date of Expiry
Hang Xiao Guo Yong (2014) No.005633	9 June 2014	Mixed use	8.6	8 March 2051
Hang Xiao Guo Yong (2014) No.005634	9 June 2014	Mixed use	2.8	18 March 2051
Hang Xiao Guo Yong (2014) No.005635	9 June 2014	Mixed use	10.8	8 March 2051
Hang Xiao Guo Yong (2014) No.005636	9 June 2014	Mixed use	6.5	8 March 2051
Hang Xiao Guo Yong (2014) No.005637	9 June 2014	Mixed use	2.8	8 March 2051
Hang Xiao Guo Yong (2014) No.005638	9 June 2014	Mixed use	346.7	8 March 2051
Hang Xiao Guo Yong (2014) No.005639	9 June 2014	Mixed use	13.0	8 March 2051
Hang Xiao Guo Yong (2014) No.005640	9 June 2014	Mixed use	228.5	8 March 2051

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sqm)*	Date of Expiry
Hang Xiao Guo Yong (2014) No.005641	9 June 2014	Mixed use	319.5	8 March 2051
Hang Xiao Guo Yong (2014) No.005642	9 June 2014	Mixed use	198.6	8 March 2051
		Total:	**1,137.8**	

2. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, the property is held by the Group for mixed use.

Real Estate Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Hang Fang Quan Zheng Xiao Yi Zi No.13323352	13 December 2013	1,875.34	Mixed
Hang Fang Quan Zheng Xiao Yi Zi No.13323355	13 December 2013	1,728.08	Mixed
Hang Fang Quan Zheng Xiao Yi Zi No.13323356	13 December 2013	1,074.12	Mixed
Hang Fang Quan Zheng Xiao Yi Zi No.13323357	13 December 2013	1,235.95	Mixed
	Total:	**5,913.49**	

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, transfer, lease or mortgage of such portions shall be subject to the prior consent from the mortgagee; and

   (c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties.

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
3.	Various office units, retail units and serviced apartment units of Highlong Plaza（恒隆廣場）, Shanyin Road and Gongren Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the south of People's Square, 10 minutes walking distance from Metro Line 2 which is under construction.	The property comprises various office units with a total gross floor area of approximately 24,491.11 sqm in Block 2, various retails units in retail podium of Block 2,3,4,5 with a total gross floor area of approximately 60,013.90 sqm, 133 serviced apartment units with a total gross floor area of approximately 7,900.16 sqm in Block 3 and 230 serviced apartment units with a total gross floor area of approximately 13,193.43 sqm in Block 4. Area summary of different portions: **Portions** — **Gross Floor Area** *(sqm)* Office — 24,491.11 Retail — 60,013.90 Serviced apartment — 21,093.59 **Total: 105,598.60** Highlong Plaza ("the Development") occupying a site with a land area of approximately 30,933 sqm ("the Site") is a large-scale integrated commercial development which includes a hotel, various office units, retail podium and various serviced apartment units.	Portion of the office building with a total gross floor area of 22,405 sqm is tenanted to various tenants at a total monthly rent of RMB839,848 for various terms with the latest expiry date on 30 November 2018. Portion of the retail shops with a total gross floor area of 55,994.49 sqm has been tenanted to various tenants at a monthly rent of RMB2,451,302 (excluding turnover rent) for various terms with the latest expiry date on 27 October 2026. Portion of the service apartment units with a total gross floor area of approximately 7,900.16 sqm has been tenanted to Hangzhou You Bang Hotel Co., Ltd. for hotel use at a monthly rent of RMB216,267 for 5 years commencing from 16 March 2014 and expiring on 15 March 2019.	1,734,500,000 (90% interests attributable to the Group: 1,561,100,000)

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
	The property was completed in 2009. The site is held under a State-owned Land Use Rights Certificate for a term expiring on 19 June 2051.	The remaining portion of the service apartment units with a total gross floor area of approximately 13,193.43 sqm has been tenanted to Zhejiang San Bi Hotel Holdings Co., Ltd. for hotel use for a term commencing from 23 February 2010 and expiring on 23 December 2017 with a monthly rent of RMB364,320 from 24 December 2012 to 23 December 2015 and a monthly rent of RMB400,752 from 24 December 2015 to 23 December 2017.	

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2014) No. 005643 dated 10 June 2014 issued by Hangzhou Bureau of Land and Resources, the land use rights of the Site with a site area of approximately 30,933 sqm, in which the property is located therein, have been granted to the Group for commercial and trade mixed use for a term of 50 years with the expiry date on 19 June 2051.

2. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, the building ownership of the property is held by the Group:

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Hang Fang Quan Zheng Xiao Yi Zi No.13315102	29 October 2013	7,546.53	Commercial and Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315138	29 October 2013	13,193.43	Commercial and Office
Hang Fang Quan Zheng Xiao Yi Zi No.13318808	26 November 2013	24,491.11	Commercial and Office
Hang Fang Quan Zheng Xiao Yi Zi No.14330495	15 January 2014	49,868.97	Commercial and Business
	Total:	**95,100.04**	

3. As advised by the Company, a total gross floor area of approximately 10,576 sqm of the underground portion of the Development is used for civil air defense.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

(b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, lease of such portions shall be subject to the prior consent from the mortgagee;

(c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties.

(d) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Hang Fang Quan Zheng Xiao Yi Zi No.14330495 (49,868.97 sqm)	Xing Yin Hang Wei Di (2013) No.017-1	27 December 2013	Industrial Bank Co., Ltd. Hangzhou Branch
Hang Fang Quan Zheng Xiao Yi Zi No.13315137, 13315102, 13318808, 13315138 (81,065 sqm)	3100620140008449	10 March 2014	Agricultural Bank of China Limited Hangzhou Xiaoshan Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
4.	Basement 1 to Level 15, Guomao Building (國貿大廈), No.93 Shixin Road, Chengxiang Town, Xiaoshan District, Hangzhou City, Zhejiang Province,, the People's Republic of China The property is located in the central area of Xiaoshan District which is approximately 10 minutes' driving distance from Hangzhou South Station.	The property comprises a 15-storey building, including 11 office floors with a total gross floor area of approximately 6,341.87 sqm, 5 retail floors at the lowest levels with a total gross floor area of approximately 5,883.53 sqm (including a basement). Guomao Building ("the Development") occupies a site with a land area of approximately 1,454.65 sqm ("the Site"). The property was completed in about 1998. The site is held under a State-owned Land Use Rights Certificate for a term expiring in January 2047 for mixed use.	Portion of Basement 1 to Level 1 with a total gross floor area of approximately 1,179.18 sqm have been tenanted to various tenants for retail uses for various terms with latest expiring on 19 July 2015 at a current monthly rent of RMB202,500. Portion of Level 1 and the whole of Level 5 to Level 15 with a total gross floor area of approximately 6,441.87 sqm have been tenanted to Shanghai Jinjiang International Hotel Investment Co., Ltd. for hotel use for a term expiring on 14 April 2026 at a current monthly rent of RMB218,750.	152,400,000 (81% interests attributable to the Group: 123,400,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Xiaoshan Land Management Bureau, the land use rights of the Site with a total site area of approximately 1,454.65 sqm, where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Use	Site Area *(sqm)*	Date of Expiry
Hang Xiao Guo Yong (2005) No.0100014	Commercial and residential	1,154.47	January 2047
Hang Xiao Guo Yong (2012) No.0100021	Commercial and residential	100.06	1 January 2047
Hang Xiao Guo Yong (2012) No.0100019	Commercial and residential	100.06	1 January 2047
Hang Xiao Guo Yong (2012) No.0100018	Commercial and residential	50.03	1 January 2047
Hang Xiao Guo Yong (2012) No.0100020	Commercial and residential	50.03	1 January 2047
	Total:	**1,454.65**	

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is held by the Group.

Real Estate Ownership Certificate Number	**Date of Issuance**	**Use**	**Gross Floor Area** *(sqm)*	**Date of Expiry**
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337796	10 August 1998	Commercial	1,204.10 (B1)	January 2047
Hang Fang Quan Zheng Xiao Zi No.1335558	26 May 2004	Commercial	4,679.43 (L1-L4)	1 January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337797	10 August 1998	Office	745.30 (L5)	January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337798	10 August 1998	Office	762.31 (L6)	January 2017
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337799	10 August 1998	Office	537.14 (L7)	January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337800	10 August 1998	Office	537.14 (L8)	January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337801	10 August 1998	Office	537.14 (L9)	January 2047
Hang Fang Quan Zheng Xiao Zi No.00056753	15 July 2008	Office	537.14 (L10)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030007	16 August 2007	Office	537.14 (L11)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030005	16 August 2007	Office	537.14 (L12)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030003	16 August 2007	Office	537.14 (L13)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030006	16 August 2007	Office	537.14 (L14)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030008	16 August 2007	Office	537.14 (L15)	N/A
		Total:	**12,225.4**	

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(a) The property is completed and held by the Group. The Group has obtained the State-owned land use rights certificates and building ownership certificates. The land use rights the Group has acquired have been mortgaged. In respect of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or otherwise dispose of such land use rights shall be subject to the prior consent from the mortgagee;

(b) The Group legally has the ownership to the property. The Group is entitled to occupy and use the property. Lease or mortgage of the property shall be subject to the prior consent from the mortgagee;

(c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties; and

(d) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Xiao Guo Yong (2005) Zi No.0100014 Hang Xiao Guo Yong (2012) Zi No.0100018 – No.0100021 Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337797-No.1337801 Hang Fang Quan Zheng Xiao Zi No.1335558, No.00056753, No.00030003, No.00030005– -No.00030008	1311-662309189-02-n1	21 November 2013	First Sino Bank Shanghai Hongqiao Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
5.	A retail shop unit on Level 1, La Vie（逸樂軒）, No.433 Changle Road, Xuhui District, Shanghai City, the People's Republic of China The property is located in downtown area of Shanghai City, 10 minutes walking distance from Metro Line 1 and Metro Line 10.	The property comprises a retail shop on ground floor with a total gross floor area of approximately 340.84 sqm. The property was completed in 1997. The site is held under a Shanghai Certificate of Real Estate Ownership for a term expiring on 28 April 2054 for commercial use.	This property is currently tenanted at monthly rents of RMB65,396 for a term expiring on 16 October 2014, RMB68,665 from 17 October 2014 to 17 October 2015, and RMB72,098 from 18 October 2015 to 17 October 2016.	14,800,000 (90% interests attributable to the Group: 13,300,000)

Notes:

1. Pursuant to the Shanghai Certificate of Real Estate Ownership Hu Fang Di Xu Zi (2004) No.018002 dated 28 April 2004 issued by Shanghai Housing and Land Resources Administration Bureau, the property with a total gross floor area of approximately 340.84 sqm is held by the Group for commercial use with the expiry date on 28 April 2054.

2. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   a) The group is legally owns the units and is entitled to transfer, lease, mortgage or otherwise dispose of the property ownership;

   b) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties; and

   c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hu Fang Di Xu Zi (2004) No.018002	1311-662309189-01-n1	21 November 2013	First Sino Bank Shanghai Hongqiao Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
6.	Various retail units of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in Xianghu New Town on the east bank of the Qiantang River.	The property comprises various retail units with a total gross floor area of approximately 24,327.54 sqm. Hidden Dragon Bay ("the Development") occupies a site with a land area of approximately 89,173 sqm ("the Site"). The property was completed in 2013. The property is held under a State-owned Land Use Rights Certificate for commercial use with a land use rights term expiring on 20 July 2044.	As at the date of valuation, various retail units with a total gross floor area of 20,606.61 sqm have been contracted to be tenanted to various tenants for retail uses for various terms with the latest term expiring on 17 April 2027 for a total contracted initial monthly rent of RMB768,224 (excluding turnover rent). The remaining portions of the property were currently vacant.	385,700,000 (92.5% interests attributable to the Group: 356,800,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.1600003 dated 25 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 89,173 sqm, have been granted to Hangzhou Zheng Jiang Real Estate Development Co., Ltd. for commercial use with a land use rights term expiring on 20 July 2044.

2. Pursuant to Hangzhou Xiaoshan Construction Works Completion Certificate Xiao Bei An Zi (2013) No.0102 and Xiao Bei An Zi (2013) No.0104 dated 26 April 2013, Blocks 1#-2# and Blocks 3#-4#, where the property is located therein, have been completed.

3. Pursuant to the following Building Ownership Certificates issued by Hangzhou Real Estate Management Bureau, the building ownership of the property is held by the Group:

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309843	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309844	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309845	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309846	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309847	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309848	26 August 2013	52.98	Commercial and Retail

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309849	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309850	26 August 2013	25.51	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309851	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309852	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309853	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309854	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309855	26 August 2013	54.26	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309856	26 August 2013	25.99	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309857	26 August 2013	39.79	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309858	26 August 2013	39.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309859	26 August 2013	114.11	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309860	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309861	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309862	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309863	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309864	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309865	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309866	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309867	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309868	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309869	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309771	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309772	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309773	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309774	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309775	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309776	26 August 2013	66.84	Commercial and Retail

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area (sqm)	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309777	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309778	26 August 2013	66.84	Commercial and Retail
Hang Fang Quan Zheng Xiao Zi No.13309779	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309780	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309781	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309782	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309783	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309784	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309785	26 August 2013	29.42	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309786	26 August 2013	28.65	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309787	26 August 2013	28.65	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309788	26 August 2013	29.42	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309789	26 August 2013	221.51	Commercial and Office
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309790	26 August 2013	126.27	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309791	26 August 2013	4,922.43	Commercial and Office
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309792	26 August 2013	130.04	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309793	26 August 2013	238.80	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309794	26 August 2013	3,900.81	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309795	26 August 2013	5,048.81	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309796	26 August 2013	238.80	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309797	26 August 2013	238.80	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309798	26 August 2013	4,252.02	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309799	26 August 2013	913.50	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309800	26 August 2013	260.27	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309801	26 August 2013	456.51	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309802	26 August 2013	649.15	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309803	26 August 2013	78.04	Commercial and Retail

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309804	26 August 2013	13.02	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309805	26 August 2013	13.10	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309806	26 August 2013	67.29	Commercial and Retail
	Total:	**24,218.27**	

4. As advised by the Company, a total gross floor area of approximately 9,946 sqm of the underground portion of the Development is used for civil air defense.

5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties;

   (c) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease, sale, or mortgage the property. The Group is required to obtain the requisite pre-sale permit of portion of the property before the Group has the right to pre-sell the same; and

   (d) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Zi No.13309789 – No.13309806	33100620130048630	13 November 2013	Agricultural Bank of China Limited Hangzhou Jincheng Road Sub-branch
Hang Xiao Guo Yong (2007) No.1600003	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-3	14 January 2014	Ping An Bank Limited Ningbo Sub-branch
Hang Fang Quan Zheng Xiao Zi No.13301426 – No.13301436			

Group II – Property interests held by the Group for sale and occupation in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
7.	Units 609, 611, 612 and 613, Xihu Guomao Center（西湖國貿中心）, No.58 Changsheng Road, Shangcheng District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the northeast side of West Lake which is 10 minute walk away from the metro station.	The property comprises 3 units (Units 609, 611,612 and 613) for commercial use, which were completed in 2011. The property has a total gross floor area of approximately 676.31 sqm with unit breakdown as below:	The property is currently occupied by the Group.	20,900,000 (90% interests attributable to the Group: 18,800,000)

Unit	Gross Floor Area *(sqm)*
609	300.85
611	
612	120.24
613	255.22
Total:	**676.31**

The property is held under a State-owned Land Use Rights Certificate for commercial use with a land use term to be expired on 25 January 2050.

Notes:

1. Pursuant to State-owned Land Use Rights Certificate Hang Shang Guo Yong (2011) No.002009 dated 13 April 2011, the land use rights of the property (Unit 613) with site area of approximately 92.70 sqm, on which the property is erected, have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for commercial use and a land use term to be expired on 25 January 2050.

2. Pursuant to State-owned Land Use Rights Certificate Hang Shang Guo Yong (2011) No.002011 dated 13 April 2011, the land use rights of the property (Units 609 and 611) with site area of approximately 109.30 sqm, on which the property is erected, have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for commercial use and a land use term to be expired on 25 January 2050.

3. Pursuant to State-owned Land Use Rights Certificate Hang Shang Guo Yong (2013) No.003610 dated 17 May 2013, the land use rights of the property (Unit 612) with site area of approximately 43.7 sqm, on which the property is erected, have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for comprehensive use and a land use term to be expired on 25 January 2050.

4. Pursuant to the Building Ownership Certificate Hang Fang Quan Zheng Shang Yi Zi No.11937855 and No.11937837 dated 1 April 2011, the building ownership of the property with gross floor area of approximately 255.22 sqm (Unit 613) and 300.85 sqm (Unit 609 and Unit 611) have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for commercial use with use term to be expired on 25 January 2050.

5. Pursuant to the Building Ownership Certificate Hang Fang Quan Zheng Shang Yi Zi No.13208375 dated 28 April 2013, the building ownership of the property with gross floor area of approximately 120.24 sqm (Unit 612) have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for non-residential use with use term to be expired on 25 January 2050.

6. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Hangzhou Fukai Enterprise Management Co., Ltd. legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights;

   (b) The Hangzhou Fukai Enterprise Management Co., Ltd. is legally entitled to occupy and use the land within the period of land use right term;

   (c) The Hangzhou Fukai Enterprise Management Co., Ltd. is legally owns the units and is entitled to transfer, lease, mortgage or otherwise dispose of the property ownership;

   (d) The Hangzhou Fukai Enterprise Management Co., Ltd. is legally entitled to occupy and use the units within the period of property ownership term;

   (e) Only in the prior mortgagee's consent, Hangzhou Fukai Enterprise Management Co., Ltd. has the right to transfer, lease, mortgage or otherwise dispose of this part of the land use rights; and

   (f) The following portions of the property is subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Hang Fang Quan Zheng Shang Yi Zi No.11937837 (300.85 sqm) Hang Fang Quan Zheng Shang Yi Zi No.11937855 (255.22 sqm)	33100620130047717	7 November 2013	Agricultural Bank of China Limited Hangzhou Xiaoshan Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
8.	Holiday Inn Hangzhou Xiaoshan（杭州蕭山豪安假日酒店）and 467 car parking spaces of Highlong Plaza（恒隆廣場）, No.688 Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	The property comprises a total gross floor area of approximately 35,833.93 sqm, providing 417 guest rooms and 467 underground car parking spaces. Highlong Plaza ("the Development") occupying a site with a land area of approximately 30,933 sqm ("the Site") is a large-scale integrated commercial development which includes a hotel, various office units, retail podium and various serviced apartment units. The property was completed in 2009. The site is held under a State-owned Land Use Rights Certificate for a term expiring on 19 June 2051.	The property is in operation.	674,700,000 (90% interests attributable to the Group: 607,200,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2014) No. 005643 dated 10 June 2014 issued by Hangzhou Bureau of Land and Resources, the land use rights of the Site with a site area of approximately 30,933 sqm, in which the property is located therein, have been granted to the Group for commercial and trade mixed use for a term of 50 years with the expiry date on 19 June 2051.

2. Pursuant to the Building Ownership Certificate Hang Fang Quan Zheng Xiao Yi Zi No.13315137 dated 29 October 2013 issued by Hangzhou Housing security and Management Bureau, the building ownership of the property with a total gross floor area of approximately 35,833.93 sqm is held by the Group for commercial and business use.

3. As advised by the Company, a total gross floor area of approximately 10,576 sqm of the underground portion of the Development is used for civil air defense.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

(b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, transfer, lease or mortgage of such portions shall be subject to the prior consent from the mortgagee; and

(c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Yi Zi No.13315137, 13315102, 13318808, 13315138 (81,065 sqm)	3100620140008449	10 March 2014	Agricultural Bank of China Limited Hangzhou Xiaoshan Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
9.	Various retail units, office units and 41 car parking spaces of Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the central area of Xiaoshan District which is approximately 5 minutes' driving distance from the Hangzhou South Station.	The property comprises various retail units with a total gross floor area of approximately 239.21 sqm, various office units with a total gross floor area of approximately 308.23 sqm and 41 car parking spaces. Integrated Service Center ("the Development") occupying a site with a land area of approximately 2,979.34 sqm ("the Site") has a total gross floor area of approximately 9,417.97 sqm above the ground and a total gross floor area of approximately 1,746.30 sqm under the ground. The property was completed in 2005. The property is held under two State-owned Land Use Rights Certificates for a term expiring on 8 March 2051 for mixed use and agricultural market use respectively.	As at the date of valuation, 2 retail units of the property with a total gross floor area of approximately 92.31 sqm have been tenanted to Hangzhou Jia Jia Health Pharmacy Chain Co., Ltd. for a term expiring on 11 March 2016 for a current monthly rent of RMB10,417. The remaining portion of the property is currently vacant.	13,900,000 (90% interests attributable to the Group: 12,500,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Hangzhou Bureau of Land and Resources, the land use rights of the Site with a total site area of approximately 1,137.8 sqm, where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sqm)*	Date of Expiry
Hang Xiao Guo Yong (2014) No.005633	9 June 2014	Mixed use	8.6	8 March 2051
Hang Xiao Guo Yong (2014) No.005634	9 June 2014	Mixed use	2.8	18 March 2051
Hang Xiao Guo Yong (2014) No.005635	9 June 2014	Mixed use	10.8	8 March 2051
Hang Xiao Guo Yong (2014) No.005636	9 June 2014	Mixed use	6.5	8 March 2051
Hang Xiao Guo Yong (2014) No.005637	9 June 2014	Mixed use	2.8	8 March 2051
Hang Xiao Guo Yong (2014) No.005638	9 June 2014	Mixed use	346.7	8 March 2051

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sqm)*	Date of Expiry
Hang Xiao Guo Yong (2014) No.005639	9 June 2014	Mixed use	13.0	8 March 2051
Hang Xiao Guo Yong (2014) No.005640	9 June 2014	Mixed use	228.5	8 March 2051
Hang Xiao Guo Yong (2014) No.005641	9 June 2014	Mixed use	319.5	8 March 2051
Hang Xiao Guo Yong (2014) No.005642	9 June 2014	Mixed use	198.6	8 March 2051
		Total:	**1,137.8**	

2. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, portion of the property is held by the Group for office use.

Real Estate Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sqm)*	Use
Hang Fang Quan Zheng Xiao Yi Zi No.13315141	29 October 2013	14.99	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315142	29 October 2013	14.99	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315140	29 October 2013	35.20	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315139	29 October 2013	70.34	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315133	29 October 2013	46.44	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315132	29 October 2013	58.34	Office
	Total:	240.30	

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, transfer, lease or mortgage of such portions shall be subject to the prior consent from the mortgagee.

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
10.	Various retail units and 186 car parking spaces of White Horse Noble Mansion（白馬尊邸）, Intersection of Houren Road and Jinjiadu River, Xihu District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in Sandun Town, Xihu District, which is approximately 10 minutes' driving distance from Hangzhou North Long-distance Bus Station and approximately 30 minutes' driving distance from Hangzhou Railway Station.	The property comprises 13 retail units with a total gross floor area of approximately 3,312.35 sqm in a 2-storey retail podium and 186 underground car parking spaces. White Horse Noble Mansion ("the Development") occupying a site with a land area of approximately 73,514 sqm ("the Site") is a residential development which includes residential units, retail podium and car parking spaces. The property was completed in 2009. The Site is held under a State-owned Land Use Rights Certificate for residential use with a term expiring in 2075, commercial use with a term expiring in 2045 and comprehensive use with a term expiring in 2055.	The property is currently vacant.	63,800,000 (99.7% interests attributable to the Group: 63,600,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Hangzhou State-Owned Land and Resources Bureau, the land use rights of the Site with a total site area of approximately 73,514 sqm, where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Use	Site Area *(sqm)*	Date of Expiry
Hang Xi Guo Yong (2007) No.000172	Commercial	2,695	29 July 2045
Hang Xi Guo Yong (2007) No.000173	Residential	47,087	29 July 2075
Hang Xi Guo Yong (2007) No.000174	Comprehensive (office)	1,503	29 July 2055
Hang Xi Guo Yong (2007) No.000175	Residential	22,229	29 July 2075

2. As advised by the Company, a total gross floor area of approximately 11,526 sqm of the underground portion of the Development is used for civil air defense.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The group is legally owns the retail units and is entitled to transfer, lease, mortgage or otherwise dispose of the property ownership.

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
11.	58 car parking spaces of Landscape Garden（山水苑）, Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the east side of Xiang Lake Tourism Resort which is 10 minute walking distance.	The property comprises 58 car parking spaces. Landscape Garden ("the Development") was developed in two phases, occupying a site with a total land area of approximately 87,333.33 sqm ("the Site") is a residential development with retail podiums. Phase I of the property was completed in 2005 and Phase II of the property was completed in 2006. The Site is held under a State-owned Land Use Rights Certificate for a term expiring on 18 December 2071.	The property is currently vacant.	4,800,000 (90% interests attributable to the Group: 4,300,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500044 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 53,260 sqm, in which the property is located therein, have been granted to the Group for residential use for a term of 70 years with the expiry date on 18 December 2071.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500043 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 34,073.33 sqm, in which the property is located therein, have been granted to the Group for residential and commercial use for a term of 70 years with the expiry date on 18 December 2071.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease, sale, or mortgage the property. The Group is required to obtain the requisite pre-sale permit of portion of the property before the Group has the right to pre-sell the same.

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
12.	43 car parking spaces of New White Horse Apartments (新白馬公寓), Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the southwestern side of People's Square, which is 30 minutes' walking distance from Binkang Road metro station.	The property comprises 43 car parking spaces. The property was completed in 2008. The property is held under a State-owned Land Use Rights Certificate for commercial and residential use for land use term to be expired on 31 January 2070.	The property is currently vacant.	5,600,000 (90% interests attributable to the Group: 5,000,000)

Notes:

1. Pursuant to State-owned Land Use Rights Grant Contract Xiao Tu He (1999) No.172 dated 31-January-2000 signed with the Planning and State-owned Land Resources Bureau of Xiaoshan District, Hangzhou City and the approval on granting of State-owned Land Use Rights to Zhejiang Mingri Real Estate Co., Ltd., The land use rights of the property with site area of approximately 31,400 sqm has been contracted to be granted to Zhejiang Mingri Real Estate Co., Ltd., with land use term of 70 years for residential use at consideration of RMB11,775,000.

   a) Pursuant to the supplementary Contract of State-owned Land Use Rights Grant Contract Xiao Tu He (1999) No.172 dated 29 August 2004, the grantee of the land has been transferred to Hangzhou White Horse Property Development Co., Ltd. with the rights and obligations from original grantee.

2. Pursuant to the supplementary Contract of State-owned Land Use Rights Grant Contract Xiao Tu He (1999) No.173 dated 29 August 2004, the grantee of the land has been transferred to Hangzhou White Horse Property Development Co., Ltd. with the rights and obligations from original grantee.

3. Pursuant to the supplementary Contract of State-owned Land Use Rights Grant Contract dated 16 November 2004, the Planning and State-owned Land Resources Bureau of Xiaoshan District, Hangzhou City agrees to adjust the total gross floor area to 167,714 sqm. The White Horse Property Development Co., Ltd. has agreed to pay RMB31,766,496.65.

4. Pursuant to State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2004) No.400025, the land use rights of the property with site area of approximately 31,400 sqm, have been granted to the Group for commercial and residential use with a term to be expired on 31 January 2070.

5. Pursuant to State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2004) No.4400026, the land use rights of the property with site area of approximately 31,400 sqm, have been granted to the Group for commercial and residential use with a term to be expired on 31 January 2070.

6. As advised by the Company, a total gross floor area of approximately 8,214 sqm of the underground portion of New White Horse Apartments is used for civil air defense.

7. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, legally owns the land use rights with land area of 62,800 sqm and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights within the entitled period of land-using;

   (b) The Group has acquired all necessary permits, approvals and certificates from relevant authorities regarding the property, and those permits, approvals and certificates are not entitled to revocation, modification, revocation or abolish; and

   (c) The Group has obtained the necessary pre-sell permits, all pre-sell transactions are legal.

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
13.	Various serviced apartment units, clubhouses, 343 car parking spaces and one retail unit of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in Xianghu New Town on the east bank of the Qiantang River.	The property comprises various serviced apartment units, clubhouses, 343 car parking spaces and one retail unit. The gross floor area breakdown is as below: **Portion** — **Gross Floor Area** *(sqm)* Serviced apartment (Presold) — 2,537.96 Serviced apartment (Unsold) — 11,815.38 Clubhouse (Presold) — 2,762.27 Clubhouse (Unsold) — 72,779.74 Car parking spaces — 343 (lots) Retail — 183.22 **Total: 90,078.57** Hidden Dragon Bay ("the Development") occupies a site with a land area of approximately 89,173 sqm ("the Site"). The property was completed in 2013. The property is held under a State-owned Land Use Rights Certificate for commercial use with a land use rights term expiring on 20 July 2044.	At the date of valuation, the property was currently vacant.	2,152,600,000 (92.5% interests attributable to the Group: 1,991,200,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.1600003 dated 25 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 89,173 sqm, have been granted to Hangzhou Zheng Jiang Real Estate Development Co., Ltd. for commercial use with a land use rights term expiring on 20 July 2044.

2. Pursuant to Hangzhou Xiaoshan Construction Works Completion Certificate Xiao Bei An Zi (2013) No.0102 and Xiao Bei An Zi (2013) No.0104 dated 26 April 2013, Blocks 1#-2# and Blocks 3#-4#, where part of the property is located therein, have been completed.

3. Pursuant to the following Real Estate Ownership Certificates, the building ownerships, with a total gross floor area of approximately 75,542.01 sqm, have been granted to Hangzhou Zheng Jiang Real Estate Development Co., Ltd.

Real Estate Ownership Certificate Number	**Block No.**	**Date of Issuance**	**Use**	**Gross Floor Area** *(sqm)*
Hang Fang Quan Zheng Xiao Zi No.13301426	Block 5	18 June 2013	Commercial and office	2,822.25
Hang Fang Quan Zheng Xiao Zi No.13301427	Block 6	18 June 2013	Commercial and office	2,958.21
Hang Fang Quan Zheng Xiao Zi No.13301428	Block 7	18 June 2013	Commercial and office	3,011.57
Hang Fang Quan Zheng Xiao Zi No.13301429	Block 8	18 June 2013	Commercial and office	3,253.51
Hang Fang Quan Zheng Xiao Zi No.13301430	Block 9	18 June 2013	Commercial and office	3,203.34
Hang Fang Quan Zheng Xiao Zi No.13301431	Block 10	18 June 2013	Commercial and office	3,113.10
Hang Fang Quan Zheng Xiao Zi No.13301432	Block 11	18 June 2013	Commercial and office	2,957.77
Hang Fang Quan Zheng Xiao Zi No.13301433	Block 12	18 June 2013	Commercial and office	3,052.67
Hang Fang Quan Zheng Xiao Zi No.13301434	Block 13	18 June 2013	Commercial and office	3,397.48
Hang Fang Quan Zheng Xiao Zi No.13301435	Block 14	18 June 2013	Commercial and office	3,262.65
Hang Fang Quan Zheng Xiao Zi No.13301436	Block 15	18 June 2013	Commercial and office	2,762.27
Hang Fang Quan Zheng Xiao Zi No.13301437	Block 16	18 June 2013	Commercial and office	2,777.35
Hang Fang Quan Zheng Xiao Zi No.13301438	Block 17	18 June 2013	Commercial and office	2,971.82
Hang Fang Quan Zheng Xiao Zi No.13301439	Block 18	18 June 2013	Commercial and office	2,971.82
Hang Fang Quan Zheng Xiao Zi No.13301440	Block 19	18 June 2013	Commercial and office	2,982.33
Hang Fang Quan Zheng Xiao Zi No.13301441	Block 20	18 June 2013	Commercial and office	2,956.18
Hang Fang Quan Zheng Xiao Zi No.13301442	Block 21	18 June 2013	Commercial and office	2,342.58
Hang Fang Quan Zheng Xiao Zi No.13301443	Block 22	18 June 2013	Commercial and office	2,740.66
Hang Fang Quan Zheng Xiao Zi No.13301444	Block 23	18 June 2013	Commercial and office	2,947.41
Hang Fang Quan Zheng Xiao Zi No.13301445	Block 24	18 June 2013	Commercial and office	3,045.61
Hang Fang Quan Zheng Xiao Zi No.13301446	Block 25	18 June 2013	Commercial and office	2,950.86
Hang Fang Quan Zheng Xiao Zi No.13301447	Block 26	18 June 2013	Commercial and office	3,094.09
Hang Fang Quan Zheng Xiao Zi No.13301448	Block 27	18 June 2013	Commercial and office	3,577.31

Real Estate Ownership Certificate Number	Block No.	Date of Issuance	Use	Gross Floor Area *(sqm)*
Hang Fang Quan Zheng Xiao Zi No.13301449	Block 28	18 June 2013	Commercial and office	3,566.65
Hang Fang Quan Zheng Xiao Zi No.13301450	Block 29	18 June 2013	Commercial and office	2,822.52
			Total:	75,542.01

4. As advised by the Company, a total gross floor area of approximately 9,946 sqm of the underground portion of the Development is used for civil air defense.

5. As advised by the Company, a total gross floor area of approximately 2,537.96 sqm apartment units were contracted to be sold at RMB20,687,466 and a total gross floor area of approximately 2,762.27 sqm clubhouse were contracted to be sold at RMB65,800,000. This amount has been taken into consideration in the valuation.

6. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease, sale, or mortgage the property. The Group is required to obtain the requisite pre-sale permit of portion of the property before the Group has the right to pre-sell the same; and

   (c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Zi No.13301437 – No.13301450	Hua Yin Ying Ye Bu Di Zi 2013 Nian No.0607	18 June 2013	Hua Rong Xiang Jiang Bank Limited
Hang Xiao Guo Yong (2007) No.1600003	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-3	14 January 2014	Ping An Bank Limited Ningbo Sub-branch
Hang Fang Quan Zheng Xiao Zi No.13301426 – No.13301436			

Group III – Property interests held by the Group under development in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
14.	Plot A3 (Jiarun Mansion), Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the Qianjiang Century Town on the south bank of the Qiantang River, facing Qianjiang New Town to the north bank.	Upon completion, the property will comprise various retail units and serviced apartment units with a total gross floor area of approximately 237,934.56 sqm and underground portion with a total gross floor area of approximately 90,432.00 sqm, including 1,964 underground car parking spaces. The gross floor area breakdown is as below: **Portion** — **Gross Floor Area** *(sqm)* **Aboveground** Retail — 25,243.96 Serviced apartment — 212,690.60 Sub-total: — 237,934.56 **Underground** — 90,432.00 (Inc. civil air defense) — 11,928 **Total:** — **328,366.56** International Office Center (IOC) ("the Development") occupying a site with a total land area of approximately 92,610.3 sqm ("the Site") is a large-scale integrated commercial development, which will be developed with a total gross floor area of approximately 798,794.56 sqm, including hotel, office, retail and serviced apartment portions. As advised by the Group, the property is expected to be completed by 2014.	At the date of inspection, the property was under development.	3,978,000,000 (100% interests attributable to the Group: 3,978,000,000)

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
	The property is held under a State-owned Land Use Rights Certificate for commercial services use with a land use rights term expiring on 15 February 2047.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract Xiao Tu He Zi [2007] Chu No.06 dated 15 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sqm, have been contracted to be granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. with a land use rights term of 40 years for commercial services use at a total consideration of RMB208,880,000.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.0800034 dated 30 August 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sqm, have been granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. for commercial services use with a land use rights term expiring on 15 February 2047.

3. Pursuant to the Construction Land Use Planning Permit (2007) Zhe Gui Zheng No.0110065 dated 31 July 2007, a development with planned land area of 92,610.3 sqm for commercial and office use has been permitted.

4. Pursuant to the Construction Works Planning Permit Zhe Gui Zheng Jian Zi No.(2010)0110142 dated 16 July 2010, a development with planned gross floor area of 328,378 sqm has been permitted to be developed by Henlly Enterprise Management (Hangzhou) Co., Ltd.

5. Pursuant to the following Construction Works Commencement Permits, a project named Hangzhou International Office Center Phase I (A3) Project with planned gross floor area of 328,378 sqm has been permitted to be developed by Henlly Enterprise Management (Hangzhou) Co., Ltd.

Construction Works Commencement Permit Number	Date of Issuance	Project Name	Construction Scale *(sqm)*
330181201009170101	17 September 2010	Hangzhou International Office Center Phase I (A3) Project Section I Blocks 1-4 and basements	185,731
330181201009160101	17 September 2010	Hangzhou International Office Center Phase I (A3) Project Section II Blocks 5-7 and basements	142,647
		Total:	**328,378**

6. As provided by the Group, the incurred and outstanding construction costs, as at the valuation date, were approximately RMB1,042,300,000 and RMB1,297,500,000 respectively.

7. The Gross Development Value ("GDV") of the property is estimated to be approximately RMB6,655,000,000 as at the date of valuation.

8. As advised by the Company, upon completion, a total gross floor area of approximately 11,928 sqm of the underground portion of the property will be used for civil air defense.

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property; and

   (c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sqm)	2013 Nian Gu Dai Di Zi No.002-1	4 May 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sqm)	2013 Nian Gu Dai Di Zi No.003	23 September 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch

10. We have prepared our valuation based on the following assumptions:

    (a) the property is sold on "as-is" condition;

    (b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

    (c) the proposed use of the property is in compliance with the planning land use;

    (d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

    (e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

11. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
15.	Phase I of Zhong An Times Square（衆安時代廣場一期）, South of West Ring Road and west of North Xinjian Road, Yuyao City, Ningbo City Zhejiang Province, the People's Republic of China The property is located at the south of West Ring Road and west of North Xinjian Road, which is surrounded by Zhongjiang on the west.	Upon completion, the property will comprise a 24-storey SOHO office building, a 4-storey shopping mall, a 19-storey hotel with a total aboveground gross floor area of approximately 190,801.34 sqm and a total underground gross floor area of approximately 114,671.23 sqm, including 1,809 underground car parking spaces. The gross floor area breakdown is as below: **Use** / **Gross Floor Area** *(sqm)* **Aboveground** Office: 56,538.61 Retail: 113,639.03 Hotel: 20,623.70 **Sub-total:** 190,801.34 **Underground** 114,671.23 (incl. civil air defense) 23,660.00 **Total:** **305,472.57** Zhong An Times Square ("the Development") occupying a site with a total land area of approximately 136,678 sqm ("the Site") will be developed with a total gross floor area of approximately 628,407.76 sqm, including hotel, office, retail and residential portions. As advised by the Group, the property is expected to be completed by 2015. The property is held under a State-owned Land Use Rights Certificate for commercial use for land use term to be expired on 24 January 2050.	The property is currently under construction.	1,176,000,000 (90% interests attributable to the Group: 1,058,400,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No.3302812010A21063 dated 26 March 2010 signed with the State-owned Land Resources Bureau of Yuyao City and the approval on granting of State-owned Land Use Rights to Yuyao Zhong An Property Development Co., Ltd., the land use rights of the property with site area of approximately 65,159 sqm has been contracted to be granted to Yuyao Zhong An Property Development Co., Ltd. with land use term of 40 years for commercial use at consideration of RMB342,090,000.

2. Pursuant to State-owned Land Use Rights Certificate Yu Guo Yong (2013) No.14564 dated 20 December 2013, the land use rights of the property with site area of approximately 65,159.00 sqm, on which the property is erected, have been granted to Yuyao Zhong An Times Square Development Co., Ltd. for commercial use with a land use term to be expired on 24 January 2050.

3. Pursuant to the Construction Land Use Planning Permit Di Zi No.(2010) Zhe Gui (Di) 0210034 dated 26 March 2010, a development with planned land area of 395,294 sqm for commercial and residential uses has been permitted, in which the property land area has been included.

4. Pursuant to the Construction Works Planning Permit Jian Zi No.(2013) Zhe Gui (Jian) Zheng No.0210071 dated 13 December 2013, a development with planned gross floor area of 305,472.57 sqm for commercial uses has been permitted.

5. Pursuant to the Construction Works Commencement Permit Yu Jian Shi Guan (2013) 227 dated 19 December 2013, a planned gross floor area of 305,472.57 sqm has been permitted to be developed by The Second Construction Group Co., Ltd. of Zhejiang Province.

6. Approximately RMB84,040,000 of incurred construction cost reflecting the physical state of the construction on site was incurred as at the date of valuation. The incurred construction cost has already been taken into account in the valuation. There is approximately RMB1,137,900,000 estimated outstanding construction cost to complete the construction as at the date of valuation.

7. The gross development value is estimated to be approximately RMB3,731,700,000.

8. As advised by the Company, upon completion, a total gross floor area of approximately 23,660 sqm of the underground portion of the property will be used for civil air defense.

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights;

   (b) As the Group splits, the land use rights will be listed under Yuyao Times Square Development Co., Ltd.;

   (c) Yuyao Times Square Development Co., Ltd. is legally entitled to occupy and use the land within the period of land use right term;

   (d) Only in the prior mortgagee's consent, Yuyao Times Square Development Co., Ltd. has the rights to transfer, lease, mortgage or otherwise dispose of this part of the land use rights; and

(e) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Yu Guo Yong (2013) No.14564	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-2	14 January 2014	Ping An Bank Limited Ningbo Sub-branch

10. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
16.	Phase II of Zhong An Times Square（衆安時代廣場二期）, South of West Ring Road and west of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province, the People's Republic of China The property is located at the south of West Ring Road and west of North Xinjian Road, which surrounded by Zhongjiang on the west.	Upon completion, the property will comprise a 14-storey office building, a 4-storey commercial building as shopping street, a 24-storey hotel, 6 residential buildings with 27-30 stories and various ancillary buildings with a total aboveground gross floor area of approximately 204,301.61 sqm and a total underground gross floor area of approximately 118,633.56 sqm, including 1,928 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently under construction.	1,607,000,000 (93% interests attributable to the Group: 1,494,500,000)

Use	Gross Floor Area *(sqm)*
Aboveground	
Office	12,710.50
Retail	33,807.02
Hotel	71,679.09
Residential	83,380.35
Ancillary portion	2,724.65
Sub-total:	204,301.61
Underground	118,633.56
(incl. civil air defense)	48,708.00
Total:	**322,935.17**

Zhong An Times Square ("the Development") occupying a site with a total land area of approximately 136,678 sqm ("the Site") will be developed with a total gross floor area of approximately 640,280.98 sqm, including hotel, office, retail and residential portions.

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
	As advised by the Group, the property is expected to be completed by 2015. The property is held under a State-owned Land Use Rights Certificate for commercial services use and residential use for land use term to be expired on 19 May 2081 respectively.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No.3302812011A21074 dated 7 July 2011 signed with the State-owned Land Resources Bureau of Yuyao City and the approval on granting of State-owned Land Use Rights to Yuyao Zhong An Property Development Co., Ltd., the land use rights of the property with site area of approximately 71,519 sqm has been contracted to be granted to Yuyao Zhong An Property Development Co., Ltd. with land use term of 40 years for commercial use and 70 years for residential use at consideration of RMB322,909,790.

2. Pursuant to State-owned Land Use Rights Certificate Yu Guo Yong (2013) No.14565 dated 20 December 2013, the land use rights of the property with site area of approximately 71,519.00 sqm, on which the property is erected, have been granted to Yuyao Zhong An Times Square Property Co., Ltd. for residential use with a land use term to be expired on 19 May 2081 and commercial use with a land use term to be expired on 19 May 2051.

3. Pursuant to the Construction Land Use Planning Permit Di Zi No.(2011) Zhe Gui (Di) 0210034 dated 20 July 2011, a development with planned land area of 71,519 sqm for commercial and residential uses has been permitted.

4. Pursuant to the Construction Works Planning Permit Jian Zi No.(2012) Zhe Gui (Jian) Zheng No.0210036 dated 27 August 2012, a development with planned gross floor area of 152,390.33 sqm for commercial and residential uses has been permitted.

   Pursuant to the Construction Works Planning Permit Jian Zi No.(2012) Zhe Gui (Jian) Zheng No.0210004 dated 19 January 2012, a development with planned gross floor area of 170,544.84 sqm for commercial and residential uses has been permitted.

5. Pursuant to the Construction Works Commencement Permit Yu Jian Shi Guan (2012) 164 dated 7 September 2012, a planned gross floor area of 152,390.33 sqm has been permitted to be developed by Ningbo Construction Engineering Co., Ltd.

   Pursuant to the Construction Works Commencement Permit Yu Jian Shi Guan (2012) 149 dated 24 August 2012, a planned gross floor area of 170,544.84 sqm has been permitted to be developed by China Railway Construction Engineering Group Co., Ltd.

6. Approximately RMB286,100,000 of incurred construction cost reflecting the physical state of the construction on site was incurred as at the date of valuation. The incurred construction cost has already been taken into account in the valuation. There is approximately RMB1,178,200,000 estimated outstanding construction cost to complete the construction as at the date of valuation.

7. The gross development value is estimated to be approximately RMB3,978,300,000.

8. As advised by the Company, upon completion, a total gross floor area of approximately 48,708 sqm of the underground portion of the property will be used for civil air defense.

9. As advised by the Company, a total gross floor area of approximately 1,058 sq.m. office units were contracted to be sold at RMB10,518,996, a total gross floor area of approximately 6,176 sq.m. retail units were contracted to be sold at RMB190,199,181 and a total gross floor area of approximately 15,738 sq.m. residential units were contracted to be sold at RMB191,399,583. This amount has been taken into consideration in the valuation.

10. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

    (a) The Group legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights;

    (b) As the Group splits, the land use rights will be listed under Yuyao Times Square Development Co., Ltd.;

    (c) Yuyao Times Square Development Co., Ltd. is legally entitled to occupy and use the land within the period of land use right term;

    (d) Only in the prior mortgagee's consent, Yuyao Times Square Development Co., Ltd. has the rights to transfer, lease, mortgage or otherwise dispose of this part of the land use rights; and

    (e) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Yu Guo Yong (2013) No.14565	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-1	14 January 2014	Ping An Bank Limited Ningbo Sub-branch

11. We have prepared our valuation based on the following assumptions:

    (a) the property is sold on "as-is" condition;

    (b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

    (c) the proposed use of the property is in compliance with the planning land use;

    (d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

    (e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

12. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
17.	Qiandao Lake Run Zhou Resort Hotel（千島湖潤洲度假酒店）, Da Shi Ping, Qiandaohu Town, Chun'an County, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located close to Thousand Island Lake.	The property comprises a hotel development with a total gross floor area of approximately 37,028 sqm and a site area of approximately 112,593.25 sqm. Upon completion, the property will be developed into a commercial development with a 161-room hotel and 31 villas. As advised by the Group, the property is expected to be completed by October 2015. The Site is held under 4 State-owned Land Use Rights Certificates for land use term expiring on 30 June 2045, 9 June 2051, 14 March 2046 and 9 June 2051 respectively.	The property is currently under construction.	269,000,000 (100% interests attributable to the Group: 269,000,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Grant Contract issued by Chun An County Land Management Bureau, the land use rights of the Development with a land area of approximately 112,593.25 sqm, have been granted to the Group, at a total land premium of RMB7,113,189.

State-owned Land Use Rights Grant Contract Number	Date of Issuance	Site Area *(sqm)*	Use and Date of Expiry
Chun Tu He Zi (93) No.05	14 May 1993	45,328.8	Tourism: 50 years
Chun Tu Rang Zi (2006) No.13	6 February 2006	24,574.16	Industrial: 50 years
Chun Tu Rang Zi (2006) No.14	6 February 2006	38,305.53	Industrial: 50 years
Chun Zheng Chu Chu (2011) No.15	20 May 2011	3,361.83	Hotel ancillary: 40 years
Chun Zheng Chu Chu (2011) No.16	20 May 2011	1,022.93	Hotel ancillary: 40 years
	Total:	**112,593.25**	

* Pursuant to the agreement of change the land use entered between Chun An County Land Resource Bureau and Zhejiang 21 Century Investment Limited（浙江二十一世紀投資有限公司）dated on 14 May 2007, the land use changed from industrial from tourism with additional land premium compensation of RMB8,308,900, land use term changed to 40 years.

2. Pursuant to the following State-owned Land Use Rights Certificates issued by Chun An County Municipal Government, the land use rights of the Development with a land area of approximately 112,593.25 sqm have been granted to the Group:

State-owned Land Use Rights Certificate Number	Use	Site Area *(sqm)*	Date of Expiry
Chun An Guo Yong (2003) Zi No.297	Ancillary facility of tourism	45,328.8	30 June 2045
Chun An Guo Yong (2011) Zi No.02498	Commercial and service	3,361.83	9 June 2051
Chun An Guo Yong (2007) Zi No.124	Commercial (Resort)	62,879.69	14 March 2046
Chun An Guo Yong (2011) Zi No.02499	Commercial and service	1,022.93	9 June 2051
	Total:	**112,593.25**	

3. Pursuant to the Construction Land Use Planning Permits Di Zi No.Chun20110170023 and Di Zi No.Chun20110170024 dated 3 June 2011, a development with planned land area of 45,328.8 sqm and 62,879.69 sqm respectively for commercial use has been permitted.

4. Pursuant to the Construction Works Planning Permit Chun 20120170004 dated 28 April 2012, a development with a planned gross floor area of 23,800.63 sqm has been permitted to be developed by Chun An Min Fu Tourism Holdings Limited.

5. Pursuant to the Construction Works Commencement Permit No.330127201212210101 dated 21 December 2012, a project named Hangzhou Thousand Island Lake Zhong An New World Hotel with a planned gross floor area of 23,800.63 sqm has been permitted to be developed by Chun An Min Fu Tourism Holdings Limited.

6. Approximately RMB135,600,000 of construction cost reflecting the physical state of the construction on site was incurred as at the date of valuation. The incurred construction cost has already been taken into account in the valuation. The estimated outstanding construction cost as at the date of valuation is approximately RMB335,000,000.

7. The gross development value is estimated to be approximately RMB858,400,000.

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property.

9. We have prepared our valuation based on the following assumptions:

   (a) the property is sold on "as-is" condition;

(b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

(c) the proposed use of the property is in compliance with the planning land use;

(d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

(e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

10. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
18.	Jia Run Square (嘉潤廣場), South of Xiandai Avenue, north of Xinqi Lane, east of Yuying Road and west of Sian Road, Wuzhong District, Suzhou City, Jiangsu Province, the People's Republic of China The property is located on the eastern side of Jinji Lake which is 10 minutes' walking distance from the Time Square metro station.	Upon completion, the property will comprise a 30-storey office building, a 39-story serviced apartment building and a 32-story hotel with a retail podium with a total aboveground gross floor area of approximately 181,159.87 sqm and a total underground gross floor area of approximately 70,231.56 sqm, including 853 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently under construction.	1,025,000,000 (45% interests attributable to the Group: 461,300,000)

Portion	Gross Floor Area *(sqm)*
Aboveground	
Office	56,154.00
Hotel	44,551.00
Service Apartment	52,654.47
Retail	25,851.00
Ancillary facilities	1,949.40
Sub-total:	181,159.87
Underground	70,231.56
(Incl. civil air defense)	12,800.00
Total:	**251,391.43**

Jia Run Square ("the Development") occupies a site with a land area of approximately 21,366.64 sqm ("the Site").

As advised by the Group, the property is expected to be completed by 2016.

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
	The property is held under a State-owned Land Use Rights Certificate for commercial services use and residential use for land use term to be expired on 18 May 2052 and 18 May 2082 respectively.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No.3205032011CR0034 dated 19 May 2011 signed with the Planning and State-owned Land Resources Bureau of Suzhou Industrial Park, the land use rights of the property with site area of approximately 21,366.64 sqm ("the Site") have been contracted to be granted to Jiangsu Xiezhong Investment Co., Ltd., with land use term of 40 years for commercial use and of 70 years for residential use at consideration of RMB363,240,000.

   a) Pursuant to the supplementary agreement of State-owned Land Use Rights Grant Contract No.3205032011CR0034 dated 31 October 2011 signed with the Planning and State-owned Land Resources Bureau of Suzhou Industrial Park, the State-owned Land Use Rights of the Site have been transferred from Jiangsu Xiezhong Investment Co., Ltd. to Jiangsu Jiarun Real Estate Co., Ltd.

2. Pursuant to State-owned Land Use Rights Certificate Su Gong Yuan Guo Yong (2013) No.00013 dated 8 February 2013, the land use rights of the property with site area of approximately 21,366.64 sqm, on which the property is erected, have been granted to Jiangsu Xiezhong Investment Co., Ltd., for commercial use be expired on 18 May 2052 and a residential use term to be expired on 18 May 2082.

3. Pursuant to the Construction Land Use Planning Permit Di Zi No.B20110001-01 dated 22 March 2012, a development with planned land area of 2.14 hectares for commercial and complex uses has been permitted.

4. Pursuant to the Construction Works Planning Permit Jian Zi No.20130741 dated 2 May 2013, a development with planned gross floor area of 251,391.43 sqm has been permitted to be developed by Jiangsu Jiarun Real Estate Co., Ltd.

5. Pursuant to the Construction Works Commencement Permit No.320594201305150301 dated 15 May 2013, a project named DK20110019 lot the foundation construction of Jia Run Square complex use building with planned gross floor area of 251,391.43 sqm has been permitted to be developed by Jiangsu Jiarun Real Estate Co., Ltd.

6. Pursuant to the Construction Works Commencement Permit No.320594201404080301 dated 8 April 2014, a project named DK20110019 lot the land construction and installation construction work of Jia Run Square complex use building with planned gross floor area of 251,391.40 sqm has been permitted to be developed by Jiangsu Jiarun Real Estate Co., Ltd.

7. The gross development value is estimated to be approximately RMB3,780,900,000 and the estimated outstanding construction cost is RMB1,484,000,000 to complete the construction, while incurred construction cost of the construction work is RMB116,300,000 as at the date of valuation.

8. As advised by the Company, upon completion, a total gross floor area of approximately 12,800 sqm of the underground portion of the property will be used for civil air defense.

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights within the entitled period of land-using.

10. We have prepared our valuation based on the following assumptions:

   (a) the property is sold on "as-is" condition;

   (b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

   (c) the proposed use of the property is in compliance with the planning land use;

   (d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

   (e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

11. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

Group IV – Property interests held by the Group for future development in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
19.	Reserved land (Plot A1 and A2) of Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the Qianjiang Century Town on the south bank of the Qiantang River, facing Qianjiang New Town to the north bank.	The property is several parcels of land for commercial services use with a total site area of approximately 53,550 sqm. As advised by the Group, the proposed development will comprise hotel, retail and office portions with a total aboveground gross floor area of approximately 364,000 sqm and a total underground gross floor area of approximately 106,428 sqm, including 2,993 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently several parcels of vacant land.	3,433,000,000 (100% interests attributable to the Group: 3,433,000,000)

Portion	Gross Floor Area *(sqm)*
Plot A1	
Aboveground	
Hotel	45,000
Retail	45,000
Office	196,000
Sub-total:	286,000
Underground	55,838
(Inc. civil air defense)	15,628
Plot A2	
Aboveground	
Hotel	56,500
Retail	21,500
Sub-total:	78,000
Underground	50,590
(Inc. civil air defense)	6,239
Total:	**470,428**

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
	International Office Center (IOC) ("the Development") occupying a site with a total land area of approximately 92,610.3 sqm ("the Site") is a large-scale integrated commercial development, which will be developed with a total gross floor area of approximately 798,794.56 sqm, including hotel, office, retail and serviced apartment portions. The property is held under a State-owned Land Use Rights Certificate for commercial services use with a land use rights term expiring on 15 February 2047.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract Xiao Tu He Zi [2007] Chu No.06 dated 15 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sqm, have been contracted to be granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. with a land use rights term of 40 years for commercial services use at a total consideration of RMB208,880,000.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.0800034 dated 30 August 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sqm, have been granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. for commercial services use with a land use rights term expiring on 15 February 2047.

3. As advised by the Company, upon completion, a total gross floor area of approximately 21,867 sqm of the underground portion of the property will be used for civil air defense.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property; and

(c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sqm)	2013 Nian Gu Dai Di Zi No.002-1	4 May 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sqm)	2013 Nian Gu Dai Di Zi No.003	23 September 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
20.	Two parcels of commercial land, Longshan Town, Cixi City, Ningbo City, Zhejiang Province, the People's Republic of China The property is located in the corner of Lingfeng Road and Hengwu Road, with a river on the north.	The property is comprised of two parcels of land for commercial services use with a total site area of approximately 49,804 sqm. As advised by the Group, the property is still under planning. The property is held under two State-owned Land Use Rights Certificates for commercial services use with a land use rights term expiring on 8 March 2053.	The property is currently vacant land.	60,100,000 (90% interests attributable to the Group: 54,100,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contracts 3302822013A21002 and 3302822013A21003 dated 19 February 2013, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sqm, have been contracted to be granted to Zhong An Group Co., Ltd. with a land use rights term of 40 years for commercial services use at a total consideration of RMB238,080,000.

2. Pursuant to Supplementary to the State-owned Land Use Rights Grant Contracts 3302822013A21002 and 3302822013A21003 dated 1 March 2013, the land use rights of the Site, where the property is located therein, have been contracted to be transferred from Zhong An Group Co., Ltd. to Cixi Zhong An Real Estate Development Co., Ltd.

3. Pursuant to the State-owned Land Use Rights Certificates Ci Guo Yong (2013) No.051060 and Ci Guo Yong (2013) No.051061 dated 15 May 2013, the land use rights of the Site, where the property is located therein, with a total site area of approximately 49,804 sqm, have been contracted to be granted to Cixi Zhong An Real Estate Development Co., Ltd. for commercial services use with a land use rights term of 40 years expiring on 8 March 2053.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property.

Group V – Property interests contracted to be acquired by the Group in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
21.	A parcel of developing land, South of East Renmin Road, Xiangshan District, Huaibei City, Anhui Province, the People's Republic of China The property is located at the south of east Renmin Road. It is bounded by vacant land to its east and south, Longshan Road to the west and Renmin Road to the north.	The property comprises a parcel of land with the site area of 60,767.81 sqm. According to the plan provided by the Company, the property will be developed into Vancouver City Hotel with a total gross floor area of 67,061 sqm. Vancouver City Hotel is expected to be completed in December 2014. The property is held with a land use rights term expiring on 18 March 2072.	The property is currently under construction.	No commercial value (Please see below Note 7)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Huai Tu Guo Yong (2006) Zi No.180 dated 30 November 2006, the land use rights of the Site, with a site area of approximately 60,767.81 sqm, have been granted to Anhui Zhong An Real Estate Development Limited(安徽眾安房地產開發有限公司), with a land use rights term expiring on 18 March 2072.

2. Pursuant to the State-owned Land Use Rights Transfer Contract dated 20 March 2014, the land use rights of the Site, with a total site area of approximately 60,767.81 sqm, have been contracted to be transferred from Anhui Zhong An Real Estate Development Limited（安徽眾安房地產開發有限公司）to Hangzhou Huihong Investment Management Limited（杭州匯宏投資管理有限公司）with a land use rights term expiring on 18 March 2072 at a total consideration of RMB234,000,000.

3. Pursuant to the State-owned Land Use Rights Transfer Contract mentioned in Note 2, the current use of the land is residential, while Anhui Zhong An Real Estate Development Limited（安徽眾安房地產開發有限公司）would be responsible for applying transfer the land usage from residential to commercial. The land use rights would be transferred when the land usage change completed.

4. Pursuant to the Planning Permits of Construction Land No.2002-005 issued by Huaibei Municipal City Planning Bureau dated 21 March 2002, the project of Vancouver City land area would be 2,545,755.25 sqm.

5. Pursuant to the Planning Permits of Construction Works No.2012-030 issued by Huaibei Municipal City Planning Bureau dated 2 July 2012, the project of Vancouver City Hotel is in accordance with the planning regulations.

6. Pursuant to the Construction Works Commencements Permits No.S0b0013090085 dated 24 September 2013, the construction gross floor area of Vancouver City Hotel is 67,061 sqm.

7. On the assumption that all Certificates of Real Estate Ownership had been obtained, and all and premium and resettlement compensation and other costs necessary for immediate redevelopment had been fully paid, the capital value of the property as at current status, subject to further assumptions below as at 30 April 2014 would be RMB256,000,000 (100% interest attributable to the Company: RMB256,000,000).

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) Anhui Zhong An Real Estate has obtained the State-owned Land Use Rights Certificate and legally has the land use rights to the Site. During the term of the land use rights, Anhui Zhong An Real Estate is entitled to occupy and use the Site;

   (b) Anhui Zhong An Real Estate has obtained all the requisite permits, approvals and certificates from relevant authorities of the PRC government in respect to the development of Vancouver City Hotel; and

   (c) The hotel management agreement entered between Anhui Zhong An Real Estate and Hefei Holiday Inn is legal, valid and legally binding on both parties.

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 30 April 2014 *(RMB)*
22.	A parcel of developing land, East to Shixin Road, west to Xihe Road, south to Shiyanshan River and north to Nansi Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located east to Shixin Road, west to Xihe Road, south to Shiyanshan River and north to Nansi Road.	The property comprises a parcel of land with the site area of 10,541 sqm. The property is held with a land use rights term of 40 years.	The property is currently a parcel of vacant land.	No commercial value (Please see below Note 3)

Notes:

1. Pursuant to the State-owned Construction Land Use Rights Grant Contract dated 3 April 2014, the land use rights of the Site, with a total site area of approximately 46,703 sqm, have been granted to Zhong An Group Limited（眾安集團有限公司）with a land use rights term of 40 years for commercial use and 70 years for residential use at a total consideration of RMB736,390,000.

2. Pursuant to the State-owned Construction Land Use Rights Grant Supplementary Contract dated 3 April 2014, the land use rights of the commercial portion of the Site mentioned in Note 1, with a total site area of approximately 10,541 sqm, have been granted to Zhejiang Zhong An Shenglong Commercial Co., Ltd.（浙江眾安盛隆商業有限公司）with a land use rights term of 40 years for commercial use at a total consideration of RMB220,917,000.

3. On the assumption that all Certificates of Real Estate Ownership had been obtained, and all and premium and resettlement compensation and other costs necessary for immediate redevelopment had been fully paid, the capital value of the property as at current status, subject to further assumptions below as at 30 April 2014 would be RMB220,900,000 (100% interest attributable to the Company: RMB220,900,000).

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The State-owned Construction Land Use Rights Grant Contract and the State-owned Construction Land Use Rights Grant Supplementary Contract are legal, valid and legally binding on both parties.

Set out below is a summary of certain provisions of the memorandum and articles of association of the Company and of certain aspects of Cayman Islands company law.

1. MEMORANDUM OF ASSOCIATION

The memorandum of association provides that the Company's objects are unrestricted. The objects of the Company are set out in Clause 3 of the memorandum of association which is available for inspection at the address and during the period specified in the paragraph headed "Documents available for inspection" specified in appendix VI to this Prospectus. As an exempted company, 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.

2. ARTICLES OF ASSOCIATION

The articles of association of the Company (the "Articles") were adopted on May 31, 2014. The following is a summary of certain provisions of the Articles.

(a) Directors

(i) Power to allot and issue shares

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as the Company may from time to time 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 Directors may determine) and any preference shares may be issued on terms that they are liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or at the option of the holder. The Directors may issue warrants to subscribe for any class of shares or securities of the Company on such terms as they may from time to time determine.

All unissued shares in the Company shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms they shall in their absolute discretion think fit, but so that no shares shall be issued at a discount.

(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 although the Directors may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or relevant statutes of the Cayman Islands to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

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 the giving of security for loans to Directors

Where the shares of the Company remain listed on the Stock Exchange or on a stock exchange in such other territory as the Directors may from time to time decide, the Company may not make, without the approval of, or ratification by, the Company in general meeting, any loans to, or provide any guarantee, indemnity or security in respect of any loan to a Director or any of his associates, provided that the Articles do not prohibit the granting of any loan or the provision of any guarantee, indemnity or security (i) to be applied for, or in respect of a liability incurred for any business of the Company, (ii) for the purchase by a Director (or the repayment of a loan for his purchase) of a residence where the amount of the loan, the liability under the guarantee or indemnity or the value of the security does not exceed 80 per cent. of the fair market value of such residence nor 5 per cent. of the consolidated net asset value of the Company as shown in its latest audited accounts; provided that any such loan is on normal commercial terms and is secured by a legal charge over the residence; or, (iii) of any amount to, or in respect of a liability of, a company in which the Company has an equity interest, and the amount of such loan, or the liability assumed by the Company under such guarantee, indemnity or security, does not exceed its proportional interest in such company.

(v) Financial assistance to purchase shares of the Company or its holdings company

There are no provisions in the Articles relating to the giving by the Company of financial assistance for the purchase, subscription or other acquisition of shares of the Company or of its holding company. The law on this area is summarised in paragraph 4(b) below.

(vi) 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 an auditor) in conjunction with his office of Director for such period and upon such terms as the Directors may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine. A Director may be or become a director or other officer of, or be 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, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Directors 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 they think fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director shall not vote or be counted in the quorum on any resolution of the Directors concerning his own appointment or the appointment of any of his associates as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of 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 will any contract with regard thereto or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he must declare the nature of his or, as the case may be, his associate(s)' interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associates then exists, or in any other case at the first meeting of the Directors after he knows that he or his associate(s) is or has become so interested.

Save as otherwise provided by the Articles, a Director may not vote (nor be counted in the quorum for the voting) on any resolution of the Directors approving any contract or arrangement in which he or any of his associate(s) is to his knowledge materially interested, and if he does so his vote will not be counted, but this prohibition will not apply to any of the following matters, namely:

(aa) any contract or arrangement for the giving to the Director or his associate(s) of any security or indemnity in respect of money lent by him or any of them or obligations undertaken by him for the benefit of the Company;

(bb) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any company in which the Company has an interest for which the Director or his associate(s) has himself/themselves guaranteed or secured in whole or in part;

(cc) any contract or arrangement by a Director or his associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the members or debenture or other securities holders or to the public which does not provide the Director and his associate(s) any privilege not accorded to any other members or debenture or other securities holders or to the public;

(dd) any contract or arrangement concerning an offer of the shares, debentures or other securities of or by the Company 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 and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;

(ee) any contract or arrangement in which the Director or his associate(s) is/are interested by virtue only of his/their interest in shares or debentures or other securities of the Company and/or his/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;

(ff) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his associate(s) and employees of the Company or of any of its subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant tax authorities for taxation purposes or relates to Directors, associate(s) of Directors and employees of the Company or any of its subsidiaries and does not give the Director or his associate(s) any privilege not accorded to the relevant class of officers of which the Director is a member and to whom such scheme or fund relates;

(gg) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit; and

(hh) any contract, agreement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his associate(s), officer or employee pursuant to the Articles.

(vii) Remuneration

The Directors shall be entitled to receive by way of ordinary remuneration for their services such sum as is from time to time 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 they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Directors' meetings, committee meetings or general meetings, or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who performs any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged. Notwithstanding the foregoing the remuneration of the managing director, joint managing director, deputy managing director or an executive Director or a Director appointed to any other office in the management of the Company may be fixed from time to time by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration is in addition to his ordinary remuneration as a Director.

The Directors also have power to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

(viii) Retirement, appointment and removal

At each annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement 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 election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

A Director is not required to retire upon reaching any particular age.

The Directors are entitled to attend and speak at all general meetings.

The number of Directors shall not be fewer than one. 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 breach of any contract of service between him and the Company). Subject to the statutes and the provisions of the Articles, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. In addition, the Directors may appoint any person to be a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

The Directors may from time to time entrust to and confer upon the chairman, deputy chairman, managing director, joint managing director, deputy managing director or executive director of the Company all or any of the powers of the Directors that they may think fit, provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Directors may from time to time make and impose. The Directors may delegate any of their powers to committees consisting of such member or members of their body and such other persons as they think fit, and they 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 so delegated conform to any regulations that may from time to time be imposed upon it by the Directors.

(ix) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, but subject to the provisions of the Companies Law, by the issue of debentures, debenture stock, bonds or 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: The provisions summarised above, in common with the Articles in general, may be varied with the sanction of a special resolution of the Company.

(x) Qualification shares

Directors of the Company are not required under the Articles to hold any qualification shares.

(xi) Indemnity to Directors

The Articles contain provisions that provide indemnity to, among other persons, the Directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

(b) Alterations to constitutive documents

The memorandum of association of the Company may be altered by the Company in general meeting. The Articles may also be amended by the Company in general meeting. As more fully described in paragraph 3 below, the Articles provide that, subject to certain exceptions, a special resolution is required to alter the memorandum of association, to approve any alteration to the Articles and to change the name of the Company.

(c) Alterations of capital

The Company may from time to time by ordinary resolution:

(i) increase its share capital;

(ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

(iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

(v) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association, subject nevertheless to the Companies Law, and so that the resolution whereby any shares are 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;

(vi) change the currency of denomination of its share capital; and

(vii) make provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its issued share capital, any capital redemption reserve fund or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law. The Company may apply its share premium account in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, save as to the provisions regarding the quorum of meetings, as to which see paragraph 2(s) below.

(e) Special resolutions – majority required

For so long as any part of the issued capital of the Company remains listed on the Stock Exchange, 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 respective duly authorised representatives, or by proxy, at a general meeting of which notice of not less than 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. However, at all times while any part of the issued capital of the Company remains listed on the Stock Exchange, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, (or, in the case of an annual general meeting, by all members) a resolution may be proposed and passed as a special resolution at a meeting of which notice of not less than 21 clear days' and not less than ten (10) clear business days has been given.

(f) Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments is treated for the foregoing purposes as paid on the share). So long as the shares are listed on the Stock Exchange, where any member is, under the Listing Rules (as defined in the Articles), required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted. On a poll, a member entitled to more than one vote need not use all his votes or cast all his votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall 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.

Where a shareholder is a clearing house (as defined in the Articles) or a nominee of a clearing house, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of shareholders provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of the Articles shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominees) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

(g) Requirements for annual general meetings

For so long as any part of the issued capital of the Company remains listed on the Stock Exchange, an annual general meeting must be held once in every year and within not more than 15 months after the last preceding annual general meeting or such longer period as is permissible or not prohibited under the rules of the Stock Exchange on which any securities of the Company are listed with the permission of the Company.

(h) Accounts and audit

The Directors 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 receipts and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by law or are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts are to be kept at the principal office of the Company or at such other place as the Directors think fit and shall always be open to the inspection of the Directors. No member (not being a Director) or other person has any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Directors or by the Company in general meeting.

The Directors shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports and so long as any shares in the Company are listed on the Stock Exchange, the accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong or the International Financial Reporting Standards or such other standards as the Stock Exchange may permit. Every balance sheet of the Company shall be signed on behalf of the Directors by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the Companies Law or of the Articles. Subject to due compliance with the Companies Law and the rules of the Stock Exchange, and to obtaining all necessary consents, if any, required thereunder and such consents being in full force and effect, such requirements shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Companies Law and instead of such copies, a summary financial statement derived from the Company's annual financial statements and the directors' report thereon, which shall be in the form and containing the information required by applicable laws and regulation, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon. If all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Articles. Save as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of the Company at each annual general meeting, but in respect of any particular year, the Company in general meeting may delegate the fixing of such remuneration to the Directors.

(i) Notices of meetings and business to be conducted thereat

For so long as any part of the issued capital of the Company remains listed on the Stock Exchange, 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 the passing of a special resolution is to be considered shall be called by notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days. The notice shall specify the place, the day and the hour of meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of that business.

(j) Transfer of shares

All transfers of shares must be effected by transfer in writing in the usual or common form or so long as any shares in the Company are listed on the Stock Exchange, such standard form prescribed by the Stock Exchange or in any other form acceptable to the Board and may be under hand only or, if the transferor or transferee is a clearing house or its nominee(s), by hand, by machine imprinted signature or by such other means of execution as the Directors may approve from time to time; and an instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof, provided that the Directors may in their absolute discretion dispense with the requirement for the production of a transfer in writing before registering a transfer of a share, and may accept mechanically executed transfers in any case.

The Directors may, in their absolute discretion, at any time and from time to time transfer or agree to 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 Directors otherwise agree, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must 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 transfer office for that register.

The Directors may in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom they do not approve and they may refuse to register the transfer of any shares (not being fully paid shares) on which the Company has a lien. The Directors may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby shall subsist, or where the transfer is to an infant or a person of unsound mind or under other legal disability. If the Directors refuse to register a transfer, they must within two months after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal and (if the shares concerned are fully paid shares) the reasons(s) for such refusal.

The Directors may, if applicable, decline to recognise an instrument of transfer unless the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as they 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, on giving notice by advertisement in one English and one Chinese newspaper circulating in Hong Kong, be suspended at such times and for such periods as the Directors may from time to time 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 30 days in any year.

(k) Power for the Company to purchase its own shares

The Articles provide that the power of the Company to purchase or otherwise acquire its shares is exercisable by the Directors upon such terms and conditions as they think fit subject to the conditions prescribed by the Companies Law.

(l) Power of any subsidiary to own securities in the Company

There are no provisions in the Articles relating to ownership of securities in the Company by a subsidiary.

(m) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency but no dividend may exceed the amount recommended by the Directors. The Company may also make a distribution out of share premium account subject to the provisions of the Companies Law.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls will for this purpose be treated as paid on the shares. The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid in lieu of the whole or such part of the dividend as the Directors may think fit.

The Company may also upon the recommendation of the Directors by an ordinary resolution resolve in respect of any particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions or proceeds as aforesaid unclaimed for six years after having been declared may be forfeited by the Directors and, upon such forfeiture, shall revert to the Company and, in the case where any of the same are securities in the Company, may be re-allotted or re-issued for such consideration as the Directors think fit.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in 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 to vote on his behalf at a general meeting of the Company or at a class meeting. At any general meeting, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy. Proxies need not be members of the Company.

A proxy 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 as if it were an individual member.

(o) Corporate representatives

A corporate member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint any person or persons as its representative to attend and vote on its behalf. A corporate member represented by its representative is deemed to be present in person at the relevant meeting and its representative may vote on a poll on any resolution put at such meeting.

(p) Calls on shares and forfeiture of shares

The Directors may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part. The Directors may, if they think fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent. per annum as the Directors may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it will also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors 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 moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent. per annum as the Board may prescribe.

(q) Inspection of register of members

For so long as any part of the share capital is listed on the Stock Exchange, any member may inspect the principal or branch register of the Company maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respect as if the Company were incorporated under and is subject to the Companies Ordinance.

(r) Inspection of register of Directors

There are no provisions in the Articles relating to the inspection of the register of Directors and Officers of the Company, since the register is not open to inspection (as to which see paragraph 4(k) below).

(s) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person and entitled to vote (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class and, where such meeting is adjourned for want of quorum, the quorum for the adjourned meeting shall be any two members present in person and entitled to vote or by proxy (whatever the number of shares held by them).

(t) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of the Company under Cayman Islands company law as summarised in paragraph 4(e) below.

(u) Procedures on liquidation

A resolution for a court or voluntary winding up of the Company must be passed by way of a special resolution.

If the Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

If the Company shall be wound up (whether the liquidation is voluntary or by the court), the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether the assets consist of property of one kind or properties of different kinds and the liquidator may, for such purposes, 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 is to be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any one or more class or classes of property 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 sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is a liability.

(v) Untraceable members

The Company may sell the shares of any member if: (i) dividends or other distributions have been declared by the Company on at least three occasions during a period of 12 years and these dividends or distributions have been unclaimed on such shares; (ii) the Company has published an advertisement of its intention to sell such shares in English and in Chinese in one leading English and (unless unavailable) one leading Chinese newspaper circulating in the territory of the stock exchange on which the ordinary share capital of the Company is listed and a period of three months has elapsed since the date of the first publication of such notice; (iii) the Company has not at any time during the said periods of 12 years and three months received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operations of law; and (iv) the Company has notified the stock exchange on which the ordinary share capital of the Company is listed of its intention to sell such shares. The net proceeds of any such sale will belong to the Company and upon the receipt of such net proceeds by the Company, the Company will become indebted to the former holder of such shares for an amount equal to the amount of such net proceeds.

(w) Stock

The Company may by ordinary resolution convert any fully paid shares into stock, and may from time to time by like resolution reconvert any stock into fully paid shares of any denominations. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or prohibit the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege of the Company shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage. All such of the provisions of the Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" and "member" therein shall include "stock" and "stockholder".

(x) Other provisions

The Articles provide that, to the extent that it is not prohibited by and is in compliance with the Companies Law, if any rights attaching to any warrants which the Company may issue after the date of this prospectus shall remain exercisable and the Company does any act which would result in the subscription price under such warrants being reduced below the par value of a Share, a subscription right reserve shall be established and applied in paying up the shortfall between the subscription price and the par value of a Share on any exercise of the warrants.

3. VARIATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Subject to the rights of the Company set out in paragraph 2(c) above to amend its capital by ordinary resolution, the memorandum of association of the Company may be altered by the Company by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the memorandum of association (subject as provided above) or the Articles or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than 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. Except in the case of an annual general meeting, the requirement of not less than 21 clear days' notice and not less than ten (10) clear business days notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

4. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of the Cayman Islands 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 Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) 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 or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". The share premium account may be applied by a company subject to the provisions of its memorandum and articles of association in such manner as the company may from time to time determine including, but without limitation:

(i) in paying distributions or dividends to members;

(ii) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(iii) in redeeming or purchasing its shares as provided in the Companies Law; or

(iv) in writing off (aa) the preliminary expenses of the company; or (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No dividend or distribution may be paid to members out of the share premium account unless immediately following the date of the proposed payment, the company is able to pay its debts as they fall due in the ordinary course of business.

A company may issue preference shares and redeemable preference shares.

The Companies Law does not contain any express provisions dealing with the variation of rights of holders of different classes of shares.

(b) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands against the provision of financial assistance for the purchase, subscription or other acquisition of its shares, though on English common law principles, the directors have a duty to act in good faith for a proper purpose in the best interests of the company, and moreover, there are restrictions on any act which amounts to a reduction of capital. Accordingly, it may, depending on the circumstances be legitimate for the directors to authorise the provision by a company of financial assistance for the purchase, subscription or other acquisition of its own shares, or the shares of its holding company.

(c) Redemption and Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its articles of associations issue redeemable shares and, purchase its own shares, including any redeemable shares 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. Purchases and redemptions may only be effected out of the profits of the company or the share premium account of the company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the company or out of the company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any purchase by a company of its own shares may be authorised by its directors or otherwise by or in accordance with the provisions of its articles. A payment out of capital for a redemption or purchase of a company's own shares is not lawful unless immediately following the date of the proposed payment the company is 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 subscription 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.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its articles of association.

(d) Dividends and distributions

A company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the company is able to pay its debts as they fall due in the ordinary course of business.

(e) 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 a 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 wrong doers are themselves in control of the company, or (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of 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 shall be wound up.

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 memorandum and articles of association of the company.

(f) 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 is required, 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.

(g) Accounting and auditing requirements

The Companies Law requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters 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. A company is required to keep such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(h) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(i) Taxation

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of the present legislation. As an exempted company, the Company has received from the Governor-in-Counsel of the Cayman Islands pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, an undertaking that in the event of any change to the foregoing, the Company, for a period of 20 years from the date of the grant of the undertaking, will not be chargeable to tax in the Cayman Islands on its income or its capital gains arising in the Caymans Islands or elsewhere and that dividends of the Company will be payable without deductions of Cayman Islands tax. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares.

(j) Stamp duty

Certain documents (which do not include contract, notes for the sale and purchase of, or instruments of transfer of, shares in Cayman Islands companies) are subject to stamp duty which is generally calculated on an ad valorem basis.

(k) Inspection of corporate records

Neither the members of a company nor the general public have the right to inspect the register of directors and officers, the minutes, accounts or, in the case of any exempted company, the register of members. 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. The register of mortgages and charges must be kept at the registered office of the company and must be open to inspection by any creditor or member at all reasonable times.

Members of the public have no right to inspect the constitutive documents of a company but the memorandum and articles of association must be forwarded to any member of the company upon request. If no articles of association have been registered with the Registrar of Companies, each member has the right to receive copies of special resolutions of members upon request upon payment of a nominal fee.

The location of the registered office of a company is available to the general public upon request to the Registrar of Companies.

(l) Winding up

A company may be wound up by the Cayman Islands court on application presented by the company itself, its creditors or its contributors. The Cayman Islands court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Cayman Islands court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles of association expires, or the event occurs on the occurrence of which the memorandum or articles of association provides that the company is to be dissolved. 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. 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.

Where a resolution has been passed for the voluntary winding up of a company, the court may make an order that the winding up should continue subject to the supervision of the court with such liberty to creditors, contributors or others to apply to the court as the court may think fit.

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 purposes of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

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. This final general meeting requires at least one month's notice called by Public Notice in the Cayman Islands or otherwise as the Registrar of Companies may direct.

5. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the Registrars of Companies in Hong Kong 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.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on July 2, 2013.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises a memorandum of association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our Company's constitution is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

(a) Increase in authorized share capital

(i) As of the date of incorporation of our Company, the authorized share capital was HK$350,000 divided into 3,500,000 Shares having a par value of HK$0.10 each.

(ii) The authorized share capital of our Company was increased from HK$350,000 to HK$500,000,000 by the creation of 4,996,500,000 new Shares pursuant to a resolution passed by our sole Shareholder referred to in paragraph 3 below and subject to the conditions contained therein.

(iii) Immediately following completion of the Global Offering and the Capitalization Issue but taking no account of any Shares which have been or may be allotted and issued upon the exercise of the Over-allotment Option, our authorized share capital will be HK$500,000,000 divided into 5,000,000,000 Shares, of which 1,738,000,000 Shares will be issued fully paid or credited as fully paid, and 3,262,000,000 Shares will remain unissued.

(iv) Other than pursuant to the exercise of the Over-allotment Option, there is no present intention to issue any of the authorized but unissued share capital of us and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of us.

Save as disclosed herein and in the paragraphs headed "Resolutions in writing of our sole Shareholder passed on May 31, 2014" and "Group reorganization" of this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(b) Founder shares

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of our sole Shareholder passed on May 31, 2014

By resolutions in writing of our sole Shareholder passed on May 31, 2014:

(a) we approved and adopted the amended and restated Articles of Association;

(b) we approved and adopted the amended and restated memorandum of association with effect upon the increase of the authorized share capital of our Company becoming effective as set out in the resolution in paragraph (c)(i) below;

(c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements; and (dd) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:

(i) the authorized share capital of our Company was increased from HK$350,000 to HK$500,000,000 by the creation of 4,996,500,000 new Shares;

(ii) the Global Offering and the grant of the Over-allotment Option by our Company were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;

(iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalise HK$126,700,000 standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 1,267,000,000 Shares for allotment and issue to the holder(s) of Shares whose name(s) appear(s) on the register of members of our Company at the close of business on May 31, 2014 (or as they may direct) so that the Shares allotted and issued pursuant to such resolution shall rank pari passu in all respects with the then existing issued Shares and our Directors were authorized to give effect to such capitalization;

(iv) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or under the Global Offering or the Capitalization Issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of us in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, and (bb) the aggregate nominal amount of the share capital of us which may be purchased by us pursuant to the authority granted to the Directors as referred to in subparagraph (vi) below, until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;

(v) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed or recognised by the SFC and the Stock Exchange for this purpose with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

(vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

(c) the form and substance of each of the service agreements made between our executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our non-executive Director and our independent non-executive Directors with our Company were approved.

4. Group reorganization

The companies comprising our Group underwent a reorganization to rationalise our Group's structure in preparation for the listing of the Shares on the Stock Exchange, details of which are set out in the section headed "History, Reorganization and Corporate Structure – The Reorganization" in this prospectus.

5. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the accountants' report set out in Appendix I to this prospectus.

In addition to the alterations described in the section headed "History, Reorganization and Corporate Structure – The Reorganization" in this prospectus, the following alterations in the share capital of each of our Company's subsidiaries took place within two years immediately preceding the date of this prospectus:

(a) On September 13, 2012, it was resolved by the shareholders' resolution of Henlly Enterprise to increase the registered capital of Henlly Enterprise from US$79.8 million to US$99.8 million, by way of additional capital contribution by Ideal World and Huijun International proportional to their then respective shareholding. Such capital increase was approved by the Xiaoshan ICB and became effective on March 25, 2013.

On February 14, 2014, it was resolved by the shareholders' resolution of Henlly Enterprise to increase the registered capital of Henlly Enterprise from US$99.8 million to US$149,061,280, by way of dividend and additional capital contribution by Ideal World. Such capital increase was approved by the Xiaoshan ICB and became effective on March 11, 2014. As of the Latest Practicable Date the registered capital of Henlly Enterprise had been fully paid up.

(b) Qirui Management was established on October 18, 2013 as a wholly foreign-owned enterprise established under the laws of the PRC, with a registered capital of US$14.9 million. As of the Latest Practicable Date, the registered capital of Qirui Management had been fully paid up.

(c) Yuyao Times Square Development was established on August 5, 2013 as a limited liability company established under the laws of the PRC, with a registered capital of RMB100 million. As of the Latest Practicable Date, the registered capital of Yuyao Times Square Development had been fully paid up.

(d) Yuyao Times Square Property was established on August 13, 2013 as a sino-foreign equity joint venture established under the laws of the PRC, with a registered capital of US$16 million. As of the Latest Practicable Date, the registered capital of Yuyao Times Square Property had been fully paid up.

(e) Zhong An Shenglong was established on September 9, 2013 as a limited liability company established under the laws of the PRC, with a registered capital of RMB50 million. As of the Latest Practicable Date, the registered capital of Zhong An Shenglong had been fully paid up.

(f) New Cixi Zhongan was established on December 6, 2013 as a limited liability company established under the laws of the PRC, with a registered capital of RMB50 million. As of the Latest Practicable Date, the registered capital of New Cixi Zhongan had been fully paid up.

(g) Zhongan Construction was established on December 17, 2013 as a limited liability company established under the laws of the PRC, with a registered capital of RMB100 million. As of the Latest Practicable Date, 20% of the registered capital of Zhongan Construction had been paid up.

(h) Tonglu Development JV was established on March 31, 2014 as a limited liability company established under the laws of the PRC, with a registered capital of RMB100 million, which is a joint venture of our Group. As of the Latest Practicable Date, no registered capital of Tonglu Development JV had been paid.

(i) Zhong An Liyumen was established on April 21, 2014 as a limited liability company established under the laws of the PRC, with a registered capital of RMB20 million. As of the Latest Practicable Date, the registered capital of Zhong An Liyumen had been fully paid up.

Save as disclosed herein and in paragraph 4 above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Further information about our Group's PRC establishment

Our Group has interests in the registered capital of 27 companies established in the PRC. A summary of the corporate information as of the Latest Practicable Date of each of those companies is set out as follows:

(a) Chunan Minfu

Name of the enterprise	Chunan Minfu Property Co., Ltd.*（淳安民福旅遊置業有限公司）
Date of establishment	October 24, 2003
Economic nature	Limited liability company invested by foreign invested enterprise
Registered owner	Hangzhou Huihong
Registered capital	RMB6 million
Percentage equity interest attributable to our Company	100%
Term of operation	October 24, 2003 to 19 March 2023
Scope of business	Permitted operation item: nil; General operation item: Property management (operate under valid qualification certificate), development of tourism projects (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(b) *Hangzhou Dehong*

Name of the enterprise	Hangzhou Dehong New Constructions Materials Management Co., Ltd.* （杭州德宏新型建材有限公司）
Date of establishment	February 1, 2008
Economic nature	Wholly foreign owned enterprise
Registered owner	Huijun International
Total investment amount (where applicable)	US$29.9 million
Registered capital	US$29.9 million
Percentage equity interest attributable to our Company	100%
Term of operation	February 1, 2008 to January 31, 2038
Scope of business	Research and development of plastic alloy products, energy-saving and insulated aluminum frame of glass curtain wall

(c) *Hangzhou Fukai Management*

Name of the enterprise	Hangzhou Fukai Management Co., Ltd*（杭州富凱企業管理有限公司）
Date of establishment	March 2, 2011
Economic nature	Limited liability company
Registered owner	Highlong Commercial Buildings
Registered capital	RMB500,000
Percentage equity interest attributable to our Company	90%
Term of operation	March 2, 2011 to March 1, 2031
Scope of business	Permitted operation item: nil; General operation item: corporate management, catering management and entertainment management (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(d) *Hangzhou Huihong*

Name of the enterprise	Hangzhou Huihong Investment Management Co., Ltd.*（杭州匯宏投資管理有限公司）
Date of establishment	February 19, 2008
Economic nature	Wholly foreign owned enterprise
Registered owner	Huijun International
Total investment amount (where applicable)	US$49.99 million
Registered capital	US$49.99 million
Percentage equity interest attributable to our Company	100%
Term of operation	February 19, 2008 to February 18, 2028
Scope of business	Service investment management, investment consultation (except securities and futures), property management, corporate management and business information (other than commodity intermediary), marketing consultation, public relations event planning consultation, interior decoration design and construction

(e) Hangzhou Xiaoshan Holiday Inn

Name of the enterprise	Hangzhou Xiaoshan Zhong'an Holiday Inn Co., Ltd.*（杭州蕭山眾安假日酒店有限公司）
Date of establishment	May 28, 2007
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong
Registered capital	RMB10 million
Percentage equity interest attributable to our Company	90%
Term of operation	May 28, 2007 to May 27, 2027
Scope of business	Permitted operation item: Services: Accommodation (3 to 5-star hotel), swimming pool, cafe, bar, coffee shop, hairdresser, large restaurant (Chinese and Western cuisine production and selling, including cold dishes, including decorated cakes, including raw seafood; canteens, excluding cold dishes, excluding decorative cakes, excluding raw seafood); wholesale and retail: pre-packaged foods, dairy products (excluding infant formula milk powder); retail: cigarettes, cigars (if operating scope involves project which requires pre-approval, operation only permitted within the validity period of the operation permit); General operation item: sale of daily necessities, clothing, crafts, edible agricultural products which operation allowed by national policy; other legal project(s) which does not require approval (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(f) Hangzhou Zheng Jiang

Name of the enterprise	Hangzhou Zheng Jiang Real Estate Development Co., Ltd.*（杭州正江房地產開發有限公司）
Date of establishment	March 16, 2006
Economic nature	Limited liability company
Registered owner	(i) Zhong An Shenglong (75%) (ii) Hangzhou Dehong (25%)
Registered capital	RMB50 million
Percentage equity interest attributable to our Company	92.5%
Term of operation	March 16, 2006 to March 15, 2036
Scope of business	Permitted operation item: nil; General Operation item: Property development, operation and leasing of self-owned property (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(g) Hefei Holiday Inn

Name of the enterprise	Hefei Zhong'an Holiday Inn Co., Ltd.*（合肥眾安假日酒店有限公司）
Date of establishment	March 18, 2008
Economic nature	Limited liability company invested by foreign invested enterprise
Registered owner	Hangzhou Huihong
Registered capital	RMB350 million
Percentage equity interest attributable to our Company	100%
Term of operation	March 18, 2008 to February 28, 2028
Scope of business	Hotel management

(h) Henlly Enterprise

Name of the enterprise	Henlly Enterprise Management (Hangzhou) Co., Ltd.* (恒利企業管理(杭州)有限公司)
Date of establishment	December 4, 2006
Economic nature	Wholly foreign owned enterprise
Registered owner	(i) Our Company (75%) (ii) Huijun International (25%)
Total investment amount (where applicable)	US$249 million
Registered capital	US$149.1 million
Percentage equity interest attributable to our Company	100%
Term of operation	December 4, 2006 to December 3, 2046
Scope of business	Corporate management, hotel management, property management, development and operation of International Office Center project and ancillary facilities (project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation)

(i) Highlong Commercial Buildings

Name of the enterprise	Hangzhou Zhong An Highlong Commercial Buildings Co., Ltd.*（杭州眾安恒隆商廈有限公司）
Date of establishment	September 20, 2005
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong (100%)
Registered capital	RMB2 million
Percentage equity interest attributable to our Company	90%
Term of operation	September 20, 2005 to September 19, 2015
Scope of business	Permitted operation item: nil; General operation item: Sale of: daily necessities, clothing, shoes and hats, cosmetics, office equipment, gold jewelry; property services; other legal project(s) which does not require approval (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(j) Huijun Construction

Name of the enterprise	Huijun Construction Materials Trading (Hangzhou) Co., Ltd.*（匯駿建材物資貿易(杭州)有限公司）
Date of establishment	July 16, 2008
Economic nature	Wholly foreign owned enterprise
Registered owner	Huijun International
Total investment amount (where applicable)	US$29.8 million
Registered capital	US$12 million
Percentage equity interest attributable to our Company	100%
Term of operation	July 16, 2008 to July 15, 2038
Scope of business	Wholesale of construction materials, hardware, machinery equipment, ductile iron pipe and other types of pipes and all kinds of daily metal (other than steel). Product(s) that involves quotas, permits and special management regulations is handled according to relevant national regulations.

(k) Huijun Property

Name of the enterprise	Zhejiang Huijun Real Estate Co., Ltd.*（浙江匯駿置業有限公司）
Date of establishment	April 1, 2005
Economic nature	Sino-foreign equity joint venture
Registered owner	(i) Huijun International (97%) (ii) White Horse Property Development (3%)
Total investment amount (where applicable)	US$79.6 million
Registered capital	US$77.6 million
Percentage equity interest attributable to our Company	99.7%
Term of operation	April 1, 2005 to March 31, 2015
Scope of business	Development, sales and property management of general residential properties on the land site covered by Hang Zheng Chu Chu (2004) No. 29*（杭政儲出 (2004) 29號）

(l) *Jiangsu Jiarun*

Name of the enterprise	Jiangsu Jiarun Real Estate Co., Ltd.*（江蘇嘉潤置業有限公司）
Date of establishment	September 9, 2011
Economic nature	Limited liability company
Registered owner	Jiangsu Xiezhong
Registered capital	RMB100 million
Percentage equity interest attributable to our Company	45%
Term of operation	September 9, 2011 to September 8, 2031
Scope of business	Permitted operation item: Property development; General operation item: Leasing of self-owned property, hotel management, catering management, exhibition services, corporate management, investment consultation and import and export of technology

(m) *Jiangsu Xiezhong*

Name of the enterprise	Jiangsu Xiezhong Investment Co., Ltd.*（江蘇協眾投資有限公司）
Date of establishment	April 14, 2011
Economic nature	Limited liability company
Registered owner	(i) Zhong An Shenglong (50%) (ii) Jiangsu GCL Real Estate Co., Ltd.*（江蘇協鑫房地產有限公司）(50%)
Registered capital	RMB100 million
Percentage equity interest attributable to our Company	45%
Term of operation	April 14, 2011 to April 13, 2031
Scope of business	Project investment, investment management, investment consultation, industry investment, management consultation and marketing planning

(n) *New Cixi Zhongan*

Name of the enterprise	Cixi Zhong An Real Estate Co., Ltd (慈溪眾安置業有限公司)
Date of establishment	December 6, 2013
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong
Registered capital	RMB50 million
Percentage equity interest attributable to our Company	90%
Term of operation	December 6, 2013 to December 5, 2033
Scope of business	Real estate development and operation (project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation). To operate under permit(s) where it falls under administrative licence policy

(o) *Qirui Management*

Name of the enterprise	Qirui Commercial Management (Hangzhou) Co., Ltd.* (祺瑞商業管理(杭州)有限公司)
Date of establishment	October 18, 2013
Economic nature	Wholly foreign owned enterprise
Registered owner	Our Company
Registered capital	US$14.9 million
Percentage equity interest attributable to our Company	100%
Term of operation	October 18, 2013 to October 17, 2063
Scope of business	Corporate management, business management, hotel management and property management (except project(s) that requires permits). (Project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation)

(p) Shanghai Zhong An Property Development

Name of the enterprise	Shanghai Zhong An Property Development Co., Ltd.*（上海眾安房地產開發有限公司）
Date of establishment	January 19, 2004
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong (100%)
Total investment amount (where applicable)	RMB10 million
Registered capital	RMB10 million
Percentage equity interest attributable to our Company	90%
Term of operation	January 19, 2004 to December 31, 2024
Scope of business	Property development and operation, sales of construction and decoration materials and leasing of self-owned property. (operates under permit(s) that involves permission to operate)

(q) Tonglu Development JV

Name of the enterprise	Tonglu Xiaoyuanshan Wellness Investment Development Company Limited*（桐廬小源山養生投資開發有限公司）
Date of establishment	March 31, 2014
Economic nature	Limited liability company
Registered owner	(i) Zhongan Construction (85%) (ii) Tonglu Tourism (15%)
Registered capital	RMB100 million
Percentage equity interest attributable to our Company	76.5%
Term of operation	March 31, 2014 to March 30, 2034
Scope of business	Investment with self-owned capital, property development, city planning consultation, hotel management (excluding lodging), management of self-owned assets, property management, enterprise marketing planning, and exhibition services (project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation)

(r) White Horse Property Development

Name of the enterprise	Hangzhou White Horse Property Development Co., Ltd.*（杭州白馬房地產開發有限公司）
Date of establishment	June 27, 2002
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong
Registered capital	RMB50 million
Percentage equity interest attributable to our Company	90%
Term of operation	June 27, 2002 to June 27, 2022
Scope of business	Permitted operation item: nil; General operation item: Integrated development and operation of property (operates under permit(s)), sales of construction and decoration materials (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(s) Yuyao Times Square Development

Name of the enterprise	Yuyao Zhongan Times Square Development Co., Ltd*（余姚眾安時代廣場開發有限公司）
Date of establishment	August 5, 2013
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong
Registered capital	RMB100 million
Percentage equity interest attributable to our Company	90%
Term of operation	August 5, 2013 to August 4, 2033
Scope of business	Property development and operation, leasing of self-owned property and property services (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(t) Yuyao Times Square Management

Name of the enterprise	Yuyao Zhongan Times Square Commercial Management Co., Ltd*（余姚眾安時代廣場商業管理有限公司）
Date of establishment	December 6, 2011
Economic nature	Limited liability company
Registered owner	Zhongan Commercial Investment

Registered capital	RMB2 million
Percentage equity interest attributable to our Company	90%
Term of operation	December 6, 2011 to December 5, 2061
Scope of business	Permitted operation item: business scope limited to operation by branch organization: Medium-sized restaurant (excluding cold dishes, excluding decorative cakes, excluding raw sea products, and selling of western dishes) (operation within valid period on permits); General operation item: property management of office, apartment, hotel and shopping mall, hotel management, catering management, car parks management, landscaping, property leasing, corporate management; daily necessities, clothing, shoes and hats, cosmetics, office equipment, jewelry, metal hardware, communication equipment, building materials wholesale and retail. Business scope limited to operation by branch organization: three chess one card services, fitness services and business services (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(u) Yuyao Times Square Property

Name of the enterprise	Yuyao Zhongan Times Square Property Co., Ltd* (余姚眾安時代廣場置業有限公司)
Date of establishment	August 13, 2013
Economic nature	Sino-foreign equity joint venture
Registered owner	(i) Zhong An Shenglong (70%) (ii) Huijun International (30%)
Total investment amount (where applicable)	US$29 million
Registered capital	US$16 million
Percentage equity interest attributable to our Company	93%
Term of operation	August 13, 2013 to August 12, 2063
Scope of business	Development and operation of Zhong An Times Square Phase II, property management and leasing, corporate management, marketing planning consultation services (project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation)

(v) Zhongan Changhong Investment

Name of the enterprise	Hangzhou Zhongan Changhong Investment Management Co., Ltd.* (杭州眾安長宏投資管理有限公司)
Date of establishment	August 26, 2011
Economic nature	Limited liability company
Registered owner	(i) Zhongan Commercial Investment (51%) (ii) Hangzhou Zheng Jiang (49%)
Registered capital	RMB1 million
Percentage equity interest attributable to our Company	91.2%
Term of operation	August 26, 2011 to August 25, 2031
Scope of business	Permitted operation item: nil; General operation item: Investment consultation (except securities, futures and funds) and investment management (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(w) Zhongan Commercial Investment

Name of the enterprise	Zhejiang Zhongan Commercial Investment Management Co., Ltd.* (浙江眾安商業投資管理有限公司)
Date of establishment	August 1, 2011
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong
Registered capital	RMB10 million
Percentage equity interest attributable to our Company	90%
Term of operation	August 1, 2011 to July 31, 2031
Scope of business	Permitted operation item: nil; General operation item: Industry investment, investment management, corporate management, hotel management, catering management; sales of daily necessities, clothing, shoes and hats, cosmetics, office equipment and gold jewelry accessories. Property services, other legal project(s) that does not require to be reported for approval (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(x) Zhong An Liyumen

Name of the enterprise	Hangzhou Zhong An Shenglong Liyumen Property Co., Ltd.* (杭州眾安盛隆鯉魚門置業有限公司)
Date of establishment	April 21, 2014
Economic nature	Limited liability company
Registered owner	Zhong An Shenglong
Registered capital	RMB20 million
Percentage equity interest attributable to our Company	90%
Term of operation	April 21, 2014 to April 20, 2034
Scope of business	Property development and operation, property services (project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation)

(y) Zhong An Property Development Xiaoshan

Name of the enterprise	Zhejiang Zhong An Property Development Xiaoshan Co., Ltd.*（浙江眾安房地產蕭山開發有限公司）
Date of establishment	April 3, 1997
Economic nature	Limited liability company
Registered owner	(i) Zhong An Shenglong (90%) (ii) Hangzhou Zhongqiang Construction Co., Ltd.（杭州眾強建築實業有限公司）(10%)
Registered capital	RMB2 million
Percentage equity interest attributable to our Company	81%
Term of operation	Indefinite term commencing from April 3, 1997
Scope of business	Property development and operation, sales of construction materials and decoration materials, leasing of self-owned property (project(s) requires to be approved under law, approval from relevant department must be obtained prior to operation)

(z) Zhong An Shenglong

Name of the enterprise	Zhejiang Zhongan Shenglong Commercial Co., Ltd.*（浙江眾安盛隆商業有限公司）
Date of establishment	September 9, 2013
Economic nature	Limited liability company
Registered owner	(i) Qirui Management (90%) (ii) Xiaoshan Yunzhongxia (10%)
Registered capital	RMB50 million
Percentage equity interest attributable to our Company	90%
Term of operation	Indefinite term commencing from September 9, 2013
Scope of business	Permitted operation item: nil; General operation item: Property development and operation, operation and management of Highlong Plaza, business management consultation service, hotel management, and catering management. (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

(aa) Zhongan Construction

Name of the enterprise	Zhejiang Zhong An City Construction Investment Co., Ltd.*（浙江省眾安城市建設投資有限公司）
Date of establishment	December 17, 2013
Economic nature	Limited liability company
Registered owner	(i) Zhong An Shenglong (80%) (ii) Zhongan Commercial Investment (20%)
Registered capital	100 million
Percentage equity interest attributable to our Company	90%
Term of operation	December 17, 2013 to December 16, 2033
Scope of business	Permitted operation item: nil; General operation item: City development planning consultation, infrastructure and facilities construction, hotel management, business operation management, enterprise marketing planning and exhibition services (operating scope excludes project(s) which is prohibited, restricted or requires operation permit under national laws and regulations)

7. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by our sole Shareholder on May 31, 2014, the Repurchase Mandate was given to the Directors authorising any repurchase by us of Shares on the Stock Exchange or any other stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of our share capital in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, such mandate to expire at the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Cayman Islands laws, any repurchases by us may be made out of our profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or, if so authorized by the Articles of Association and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of the profits of us or from sums standing to the credit of our share premium account or, if authorized by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(c) Reasons for repurchases

The Directors believe that it is in the best interest of our Company and the Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit our Company and the Shareholders as a whole.

(d) Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our current financial position of us as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or our gearing position as compared to the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing position which, in the opinion of the Directors, are from time to time appropriate for us.

The exercise in full of the Repurchase Mandate, on the basis of 1,738,000,000 Shares in issue immediately after the Listing, would result in up to 173,800,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(e) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under Part 16 of the Companies Ordinance

Our Company has established our head office and a principal place of business in Hong Kong for the purpose of registration under Part 16 of the Companies Ordinance at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part XI of the Predecessor CO on November 1, 2013. Mr. Cheng Shing Hay being our chief financial officer and company secretary, has been appointed as agents of our Company for the acceptance of service of process in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

9. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated April 16, 2013 entered into between (i) Hangzhou Danube as vendor and (ii) Zhejiang Zhong An as purchaser; and a supplemental equity transfer agreement dated October 23, 2013 entered into between (i) Hangzhou Danube and (ii) Zhejiang Zhong An for the acquisition by Zhejiang Zhong An of the 75% equity interest in Hangzhou Zheng Jiang from Hangzhou Danube, in consideration and in exchange for Zhejiang Zhong An transferring to Hangzhou Danube its 100% equity interest in Hangzhou Puluo Tuosi Investment Management Co., Ltd.* (杭州普羅托斯投資管理有限公司);

(b) a demerger agreement dated June 24, 2013 signed by (i) Yuyao Zhong'an Property, (ii) Yuyao Times Square Property, (iii) Zhejiang Zhong An and (iv) Hong Kong Hui Yuan in respect of the demerger of Yuyao Zhong'an Property, the establishment of Yuyao Times Square Property, the change in the registered capital of Yuyao Zhong'an Property, and the allocation of assets and liabilities between Yuyao Zhong'an Property and Yuyao Times Square Property;

(c) a demerger agreement dated June 26, 2013 signed by (i) Yuyao Property Development and (ii) Yuyao Times Square Development in respect of the demerger of Yuyao Property Development, the establishment of Yuyao Times Square Development, the change in the registered capital of Yuyao Property Development, and the allocation of assets and liabilities between Yuyao Property Development and Yuyao Times Square Development;

(d) a demerger agreement dated August 14, 2013 signed by (i) Zhejiang Zhong An, (ii) Zhong An Shenglong, (iii) Qirui Enterprise and (iv) Xiaoshan Yunzhongxia in respect of the demerger of Zhejiang Zhong An, the establishment of Zhong An Shenglong, the change in the registered capital of Zhejiang Zhong An, and the allocation of equity interests in the then subsidiaries of Zhejiang Zhong An, land use rights and related properties, and assets and liabilities between Zhejiang Zhong An and Zhong An Shenglong;

(e) a demerger agreement dated September 29, 2013 signed by (i) Qirui Enterprise and (ii) Qirui Management; and a supplemental demerger agreement dated September 30, 2013 signed by (i) Qirui Enterprise and (ii) Qirui Management in respect of the demerger of Qirui Enterprise, the establishment of Qirui Management, the change in the registered capital of Qirui Enterprise, the allocation of equity interest in Zhong An Shenglong, and assets and liabilities between Qirui Enterprise and Qirui Management;

(f) an equity transfer agreement dated November 1, 2013 entered into between (i) Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）as vendor and (ii) Zhong An Shenglong as purchaser for the acquisition by Zhong An Shenglong of the 49% equity interests in Shanghai Zhong An Property Development from Anhui Zhong An Real Estate Co., Ltd*(安徽眾安實業有限公司), at the cash consideration of RMB4.9 million;

(g) a demerger agreement dated November 18, 2013 signed by (i) Cixi Property Development and (ii) New Cixi Zhongan in respect of the demerger of Cixi Property Development, the establishment of New Cixi Zhongan, the change in the registered capital of Cixi Property Development, and the allocation of land use rights, assets and liabilities between Cixi Property Development and New Cixi Zhongan;

(h) an equity transfer agreement dated November 19, 2013 entered into between (i) Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）as vendor and (ii) Zhong An Shenglong as purchaser for the acquisition by Zhong An Shenglong of the 10% equity interest in Highlong Commercial Buildings from Anhui Zhong An Real Estate Co., Ltd*(安徽眾安實業有限公司), at the cash consideration of RMB200,000;

(i) the Baita Town Cooperation Agreement;

(j) the Tonglu Town Cooperation Agreement;

(k) an equity transfer agreement dated February 28, 2014 entered into between (i) Zhejiang Zhong An as vendor and (ii) Zhong An Shenglong as purchaser for the acquisition by Zhong An Shenglong from Zhejiang Zhong An its 100% equity interests in New Cixi Zhongan, at the consideration of RMB50 million;

(l) a share purchase agreement dated March 3, 2014 entered into between (i) Ideal World as vendor and (ii) our Company as purchaser for the acquisition by our Company of the entire issued share capital of Huijun International from Ideal World, in consideration of and in exchange for our Company (a) crediting as fully paid at par the 1,000,000 nil-paid Shares then held by Ideal World; and (b) allotting and issuing, credited as fully paid, 400,000 new Shares to Ideal World;

(m) an equity transfer agreement dated March 13, 2014 entered into between (i) Ideal World as vendor and (ii) our Company as purchaser; and a supplemental equity transfer agreement of even date entered into between (i) Ideal World and (ii) our Company for the acquisition by our Company from Ideal World its 75% equity interest in Henlly Enterprise, in consideration of and in exchange for our Company allotting and issuing, credited as fully paid, 300,000 new Shares to Ideal World;

(n) the Cooperation Agreement;

(o) an equity transfer agreement dated March 18, 2014 entered into between (i) Ideal World as vendor and (ii) our Company as purchaser and a supplemental equity transfer agreement of even date entered into between (i) Ideal World and (ii) our Company for the acquisition by our Company from Ideal World its 100% equity interest in Qirui Management, in consideration for and in exchange for our Company allotting and issuing, credited as fully paid, 300,000 new Shares to Ideal World;

(p) the Land Acquisition Agreement dated March 20, 2014 entered into between (i) Anhui Zhong An Real Estate as transferor and (ii) Hangzhou Huihong as transferee, for the acquisition of the land on which the VC Hotel is situated together with the buildings under construction thereon, at the aggregate consideration of RMB234 million;

(q) the Pre-opening Management Agreement;

(r) an equity transfer agreement dated March 20, 2014 entered into between (i) Hong Kong Hui Yuan as transferor and (ii) Huijun International as transferee for the acquisition by Huijun International from Hong Kong Hui Yuan its 30% equity interest in Yuyao Times Square Property, in consideration of and in exchange for (i) Huijun International transferring to Hong Kong Hui Yuan its 100% equity interest in each of Hangzhou Junjie and Hangzhou Huijun and (ii) Hong Kong Hui Yuan paying a cash consideration to Huijun International, for an amount of approximately US$84.9 million (equivalent to approximately RMB618.0 million), which represents the net difference between the registered capital of Yuyao Times Square Property, Hangzhou Junjie and Hangzhou Huijun;

(s) an equity transfer agreement dated April 18, 2014 entered into between (i) Huijun International as transferor and (ii) Hong Kong Hui Yuan as transferee; and a supplemental equity transfer agreement of even date entered into between (i) Huijun International and (ii) Hong Kong Hui Yuan for the transfer by Huijun International of its 100% equity interest in Hangzhou Junjie as referred to in sub-paragraph (r);

(t) an equity transfer agreement dated April 20, 2014 entered into between (i) Huijun International as transferor and (ii) Hong Kong Hui Yuan as transferee; and a supplemental equity transfer agreement of even date entered into between (i) Huijun International and (ii) Hong Kong Hui Yuan for the transfer by Huijun International of its 100% equity interest in Hangzhou Huijun as referred to in sub-paragraph (r);

(u) a deed of novation, assignment and set-off dated May 30, 2014 entered into between our Company, Esteem High Enterprises Limited (高信企業有限公司), Hong Kong Bo Kai Construction Design Limited (香港博凱建築設計有限公司), Hong Kong Hui Yuan, Huijun International, Ideal World, Plenty Management Limited (豐裕管理有限公司), Zhong An International Shipping and Zhong An, pursuant to which certain non-interest bearing debts and other payables due among the parties thereto were novated and/or assigned among the parties, in consideration of the assignee(s) of the relevant debts and the debtor(s) novating the relevant payables paying to the relevant assignee(s) and novatee(s) of the relevant debts and payables an amount equal to the debts/payables so assigned/ novated and the pro tanto set-off of debts and payables among the relevant parties. The net amount due and owing by our Company to Ideal World upon the novation, assignment and/or set-off, which amounts to approximately RMB963,639,073, was settled by our Company by allotting and issuing, credited as fully paid, 1,000,000 new Shares to Ideal World.

(v) the Non-compete Undertakings;

(w) a deed of indemnity dated May 31, 2014 executed by Zhong An and Ideal World in favour of our Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in the paragraph headed "Estate duty, tax and other indemnity" of this Appendix;

(x) a loan assignment agreement dated June 4, 2014 entered into between Anhui Zhong An Real Estate, Hangzhou Huihong, Zhejiang Zhong An and Zhong An Shenglong, pursuant to which the debt for the amount of RMB234,000,000 owed by Hangzhou Huihong to Anhui Zhong An Real Estate were assigned and novated to Zhejiang Zhong An as the new creditor and Zhong An Shenglong as the new debtor of the debt, in consideration of (i) Zhejiang Zhong An agreeing to pay Anhui Zhong An Real Estate a sum of RMB234,000,000 in cash; and (ii) Hangzhou Huihong agreeing to pay Zhong An Shenglong a sum of RMB234,000,000 in cash;

(y) a set-off agreement dated June 4, 2014 entered into between Zhejiang Zhong An and Zhong An Shenglong pursuant to which a debt for the amount of RMB234,000,000 owed by Zhejiang Zhong An to Zhong An Shenglong was set-off against another debt for the amount of RMB234,000,000 owed by Zhong An Shenglong to Zhejiang Zhong An;

(z) a cornerstone investor agreement dated June 12, 2014 entered into between our Company, Bondic International Holdings Limited and the Sole Global Coordinator, pursuant to which Bondic International Holdings Limited has agreed to acquire such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) as may be purchased with an aggregate amount of US$20 million (equivalent to HK$155,048,000 at the exchange rate of US$1.00 = HK$7.7524) at the Offer Price; and

(aa) the Hong Kong Underwriting Agreement.

10. Material properties of our Group

As of the Latest Practicable Date, the Group had the following material properties with the details set out below:

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
White Horse Noble Mansion (白馬尊邸) Intersection of Houren Road and Jinjiadu River, Xihu District, Hangzhou City, Zhejiang Province (浙江省杭州市三墩鎮文星橋) The property is located in Sandun Town, Xihu District, which is approximately 10 minutes' driving distance from Hangzhou North Long-distance bus station and approximately 30 minutes' driving distance from Hangzhou Railway Station	Residential units, retail units and car parking spaces	99.7%	73,514	None	The property is owned by Huijun Property, held under a state-owned land use rights certificate for residential use with a term expiring on July 29, 2075, commercial use with a term expiring on July 29, 2045 and comprehensive use with a term expiring on July 29, 2055.	None
International Office Center (國際辦公中心) Feng Two, Li One and Li Two Ningwei Town, Xiaoshan District, Hangzhou City, Zhejiang Province (浙江省杭州市蕭山區寧圍鎮) The property is located in the Qianjiang Century Town on the south bank of the Qiantang River, facing Qianjiang New Town to the north bank	Integrated commercial complex, serviced apartments, shopping mall, hotel and offices	100%	A1 – 25,533 A2 – 28,017 A3 – 39,060	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Henlly Enterprise, held under a state-owned land use rights certificate for commercial services use with a term expiring on February 15, 2047.	Mortgaged to bank

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
Hangzhou Qiandao Lake Run Zhou Resort Hotel (杭州千島湖潤洲度假酒店) Da Shi Ping, Qiandaohu Town, Chun'an County, Hangzhou City, Zhejiang Province (浙江省淳安縣千島湖鎮) The property is located close to Thousand Island Lake	Hotel	100%	112,593.3	None	The property is owned by Chunan Minfu, held under two state-owned land use rights certificates for ancillary facility of tourism and commercial (resort) use with terms expiring on June 30, 2045 and March 14, 2046, and two state-owned land use rights certificates for commercial and service use with terms expiring June 9, 2051.	None
Guomao Building (國貿大廈) No. 93 Shixin Road, Chengxiang Town, Xiaoshan District, Hangzhou City, Zhejiang Province (浙江省杭州市蕭山區城廂街道) The property is located in the central area of Xiaoshan District, which is approximately 10 minutes driving distance from Hangzhou South Station	Shopping mall and Hotel	81%	1,454.7	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Zhong An Property Development Xiaoshan, held under four state-owned land use rights certificates for mixed use with a term expiring on January 1, 2047 and a state-owned land use rights certificate for mixed use with a term expiring in January 2047.	Mortgaged to bank
La Vie (逸樂軒) No. 433 Changle Road, Xuhui District, Shanghai City (上海市徐匯區長樂路433號) The property is located in downtown area of Shanghai City, 10 minutes walking distance from Metro Line 1 and Metro Line 10	Shops	90%	340.8	Transfer, lease, mortgage and disposal of the mortgaged portions of the building ownership rights shall require prior consent of the mortgagee	The property is owned by Shanghai Zhong An Property Development, held under a Shanghai Certificate for Real Estate Ownership for commercial use with a term expiring on April 28, 2054.	Mortgaged to bank

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
Xihu Guomao Center（西湖國貿中心） No. 58 Changsheng Road, Shangcheng District, Hangzhou City, Zhejiang Province（浙江省杭州市上城區長生路58號） The property is located on the northeast side of West Lake which is 10 minutes walk away from the metro station	Offices	90%	676.3	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Hangzhou Fukai Management, held under a state-owned land use rights certificate for commercial use with a term expiring on January 25, 2050.	Mortgaged to banks
Hidden Dragon Bay（隱龍灣） Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province（浙江省杭州市蕭山區聞堰鎮聞興村） The property is located in Xianghu New Town on the east bank of the Qiantang River	Commercial complex, leisure mansions, serviced apartments, shopping mall street shops and car parking spaces	92.5%	89,173	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Hangzhou Zheng Jiang, held under a state-owned land use rights certificate for commercial use with a term expiring on July 20, 2044.	Mortgaged to banks
Jia Run Square（嘉潤廣場） South of Xiandai Avenue, north of Xinqi Lane, east of Yuying Road and west of Sian Road, Wuzhong District, Suzhou City, Jiangsu Province（江蘇省蘇州工業園區現代大道南，思安街西） The property is located on the eastern side of Jinji Lake which is 10 minutes walking distance from the Times Square metro station	Integrated commercial complex, offices, shopping mall, serviced apartments and hotel	45%	21,366.6	None	The property is owned by Jiangsu Jiarun, held under a state-owned land use rights certificate for commercial services use with a term expiring on May 18, 2052 and for residential use with a term expiring on May 18, 2082.	None

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
Integrated Service Center（綜合服務中心） East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province（杭州市蕭山區城廂鎮金家橋路） The property is located in the central area of Xiaoshan District which is approximately 5 minutes driving distance from Hangzhou South Station	Commercial complex, hotel retail units, offices and car parking spaces	90%	2,979.3	None	The property is owned by Zhong An Shenglong, held under two state-owned land use rights certificates for mixed use and agricultural market use respectively with a term expiring on March 8, 2051.	None
Highlong Plaza（恒隆廣場） Shanyin Road and Gongren Road, Xiaoshan District, Hangzhou City, Zhejiang Province（杭州市蕭山區城廂鎮畈里張村） The property is located on the south of People's Square, 10 minutes walking distance from Metro Line 2 which is under construction	Commercial complex, hotels, shopping malls and offices	90%	30,933	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Zhong An Shenglong, held under a state-owned land use rights certificate for mixed use with a term expiring on June 19, 2051.	Mortgaged to banks
Landscape Garden Phase I, Phase II（山水苑一, 二期） Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province（浙江省杭州市蕭山區城市西南側中教園區內，潘水路以南 ） The property is located on the east side of Xiang Lake Tourism Resort which is 10 minutes walking distance	Retail units, offices and car parking spaces	90%	87,333.3	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Zhong An Shenglong, held under two state-owned land use rights certificates with a term expiring on December 18, 2071 for residential use and mixed use respectively.	Mortgaged to bank

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
Zhong An Times Square Phase I (時代廣場一期) South of West Ring Road and west of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province (浙江省余姚市城區新建北路) The property is located at the south of West Ring Road and west of North Xinjian Road, which is surrounded by Zhongjiang on the west	Integrated commercial complex	90%	65,159	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Yuyao Times Square Development, held under a state-owned land use rights certificate for commercial use with a term expiring on January 24, 2050.	Mortgaged to bank
Zhong An Times Square Phase II (時代廣場二期) South of West Ring Road and west of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province (浙江省余姚市城區新建北路西側) The property is located at the south of West Ring Road and west of North Xinjian Road, which is surrounded by Zhongjiang on the west	Residential suited on top of commercial complex, commercial complex and hotel	93%	71,519	Transfer, lease, mortgage and disposal of the mortgaged portions of the land use rights shall require prior consent of the mortgagee	The property is owned by Yuyao Times Square Property, held under a state-owned land use rights certificate for commercial use with a term expiring on May 19, 2081.	Mortgaged to bank

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
New White Horse Apartments（新白馬公寓） Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province（浙江省杭州市蕭山區新區知稼苑小區） The property is located on the southwestern side of People's Square, which is 30 minutes' walking distance from Binkang Road metro station	Residential properties, retail units and car parking spaces	90%	62,800	None	The property is owned by White Horse Property Development, held under a state-owned land use rights certificate for commercial and residential use with a term expiring on January 31, 2070.	None
Two parcels of commercial land Longshang Town, Cixi City, Ningbo City, Zhejiang Province（浙江省寧波市慈溪市龍山鎮） The land is located in the corner of Lingfeng Road and Hengwu Road, with a river on the north	Commercial services use	90%	49,804	None	These land is owned by New Cixi Zhongan, held under two state-owned land use rights certificates for commercial use with a term expiring on March 8, 2053	None
A parcel of developing land South of East Renmin Road, Xiangshan District, Huaibei City, Anhui Province（安徽省淮北市香山區人民路東段以南） The land is located at the south of east Renmin Road. It is bounded by vacant land to its east and south, Longshan Road to the west and Renmin Road to the north	For development into VC Hotel	100%	60,768	None	The land is contracted to be acquired by our Group, completion of which had not yet taken place as at the Latest Practicable Date	None

Address and Description of Location	Use	Attributable interests to our Group	Area in square meters (approx.)	Restrictions on use	Term of ownership/ lease	Details of encumbrances, liens, pledges and mortgages
A parcel of developing land East to Shixin Road, west to Xihe Road, south to Shiyanshan River and north to Nansi Road, Xiaoshan District, Hangzhou City, Zhejiang Province（浙江省杭州市蕭山區市心路以東、西河路以西、石岩山河以南及南四路北） The land is located east to Shixin Road, west to Xihe Road, south to Shiyanshan River and north to Nansi Road.	Commercial use	90%	10,541	None	The land is contracted to be acquired by our Group, completion of which had not yet taken place as at the Latest Practicable Date	None

11. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner and beneficial owner of the following trademark which is material in relation to our Group's business:

Trademark	Registered owner	Place of registration	Class	Registration number	Duration of validity
	Highlong Commercial Buildings	PRC	35 *(Note 1)*	5974683	April 28, 2010 to April 27, 2020
	Highlong Commercial Buildings	Hong Kong	35, 36, 37, 39, 43 and 45 *(Notes 2-7)*	302747070	September 25, 2013 to September 24, 2023

Notes:

1. The specific services under class 35 in respect of which the trademark was registered are services for providing advertisement and media, commercial window display decoration, television advertisement, advertisement planning, business information, sales (for others); agent for others (purchase of products or services for other companies); rental of office machinery and equipment; invoicing.

2. The specific services under class 35 in respect of which the trademark was registered for are services for providing hotel business management; organization of business, commercial and trade exhibitions, trade shows and/or competitions; organisation of exhibitions for advertising purposes; promotional event planning services; office machines and equipment rental; public relations; dissemination of advertising matter; promotional, marketing and publicity services; advertising; business management; business administration; office functions; rental of advertising space; sales promotion for others; writing and publication of publicity texts; business development services; business management assistance; business project management; business evaluation, appraisals and assessments; business consultancy; business, trade (business), commercial, industrial and infrastructure development (business) inquiries, investigations, surveys and research; business assistance and operation of business relating to trade, commerce, industry and infrastructure development; price and cost evaluation and analysis; compilation of business information and data relating to business, trade, commercial, industrial and infrastructure development; personnel management consultancy; market research and analysis; market studies; market surveys; market forecasting; planning and development of marketing strategies; business management consultation for businesses in the fields of the global computer information network, computer media and information technology; business advisory and consultancy services relating to telecommunications, information technology and media; provision of business advice relating to e-commerce; business assistance in relation to the facilitation of commercial transactions over the Internet; professional business consultation relating to the operation of businesses; operation of sales and/or promotional incentive schemes; supervision and management of sales and/or promotional incentive schemes; supervision, organisation and management of customer loyalty and reward schemes; car park management services; all included in Class 35.

3. The specific services under class 36 in respect of which the trademark was registered are services for providing renting of apartments, including renting of serviced apartments; apartment house management; real estate services; real estate agency; real estate management; real property management; real estate brokerage services; renting and leasing of real estate; leasing of office space; rental of office space; real estate information; real estate advisory and consultancy services; real estate appraisals, reports, analysis and valuations; rent collection; real estate affairs; financial sponsoring of exhibitions and events for cultural and educational purposes; charitable fund raising; issue of tokens of value; issuing of shopping vouchers and gift certificates; redemption of shopping vouchers and gift certificates; providing discount card services and other rebate services as part of a customer loyalty program; investment in the fields of real estate, industrial property, commercial retail property, residential property and infrastructure development projects and infrastructure related business and development projects relating thereto; investment management in the field of real estate, industrial, commercial retail, residential and infrastructure development projects; property management; real property investment management; property portfolio management; financing of property development; insurance; financial affairs; monetary affairs; investment; industrial investment; investment in infrastructure; all included in Class 36.

4. The specific services under class 37 in respect of which the trademark was registered are services for providing maintenance, cleaning and repair of buildings, residential and real estate facilities; installation, maintenance, cleaning and repair of utilities in buildings; upholstery repair; upholstering; interior and exterior painting; installation, repair, emergency servicing and maintenance of gas, electricity and water appliances, apparatus and instruments; property development; real estate development; construction services in infrastructure, industrial, residential and commercial developments; building project management; on-site building project management; on site project management and refurbishment relating to the construction of buildings, infrastructure facilities, commercial, industrial, residential and real estate facilities, industrial plants, educational, hospital, transport, aviation, port and shipping facilities; management of property development projects, real estate development projects, residential property development projects, commercial retail to industrial property development projects and infrastructure development projects; dismantling of industrial plant; construction, repair and maintenance of civil, structural, industrial, mechanical and electrical installations and real estate property; installation, maintenance and repair of telecommunications equipment, apparatus and instruments, networks and systems and infrastructure; installation, maintenance

and repair of installations for use in the supply and distribution of electricity, gas, water or telecommunications; laying, repair, maintenance, replacement and refurbishment of pipelines; repair of roads and paths; construction, repair and maintenance of gas and electricity installations; installation of insulating materials; utilities metering installation, repair and maintenance services; construction of installations for distribution of gas, gaseous fuels, oils and electricity; provision of services for the development and construction of industrial and infrastructural plants for the operation of business; infrastructure development; building construction; civil engineering, construction engineering and supervision of construction; construction of telecommunications network; management of construction projects; repair; installation services; car valet services; all included in Class 37.

5. The specific services under class 39 in respect of which the trademark was registered are services for providing car parking; car parking valet services; parking place rental; chauffer services; shuttle bus services; porter services; transport information services; transport reservation; traffic information; transport; tourist information; travel arrangement; travel information and booking services; travel reservation; stroller and wheelchair lending service; wrapping of goods; packaging of goods; delivery of goods; storage; parcel delivery; all included in Class 39.

6. The specific services under class 43 in respect of which the trademark was registered are services for providing hotel services; serviced apartment services; temporary accommodation services; provision of resort and conference facilities; booking of serviced apartments; hotel reservations; services for providing food and drink; restaurant and catering services; banqueting services; rental of meeting rooms; hiring of function rooms; rental of chairs, tables, table linen, glassware; child minding services; all included in Class 43.

7. The specific services under class 45 in respect of which the trademark was registered are services for providing security administration for houses and real estate; lost property return; guards and security patrol services; security services for the protection of property; guarding of shops and buildings; concierge services; concierge information services; housekeeping services; maid services; baby sitting; personal shopper services; computerised security and surveillance services for business establishments; intruder and burglar alarms monitoring services; monitoring and reporting services relating to security and surveillance systems; monitoring of burglar alarms and security alarms; monitoring of security systems; security services relating to access control to buildings, parts of buildings, goods elevators, passenger elevators, escalators and other such installations; legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals; all included in Class 45.

As of the Latest Practicable Date, applications had been made by our Group for the registration of the following trademarks which are material in relation to our Group's business:

Trademark	Applicant	Place of Application	Class	Application Number	Application Date
	Highlong Commercial Buildings	PRC	35 *(Note 1)*	13271795	September 22, 2013
	Highlong Commercial Buildings	PRC	36 *(Note 2)*	13271804	September 22, 2013
	Highlong Commercial Buildings	PRC	37 *(Note 3)*	13271814	September 22, 2013
	Highlong Commercial Buildings	PRC	41 *(Note 4)*	13271826	September 22, 2013
	Highlong Commercial Buildings	PRC	43 (Note 5)	13271835	September 22, 2013
	Highlong Commercial Buildings	PRC	44 *(Note 6)*	13271839	September 22, 2013
润洲	Zhongan Commercial Investment	PRC	43 *(Note 7)*	13352058	October 12, 2013
	Zhongan Commercial Investment	PRC	43 *(Note 7)*	13352247	October 12, 2013
RUNZHOU	Zhongan Commercial Investment	PRC	43 *(Note 7)*	13352096	October 12, 2013

Notes:

1. The specific services under class 35 in respect of which the trademark was applied for are services for providing business management assistance, business management consulting and hotel business management.

2. The specific services under class 36 in respect of which the trademark was applied for are services for providing capital investment, financial services, financial management, financial consulting, real estate leasing, real estate management, apartment management, apartment leasing, guarantee and trust management.

3. The specific services under class 37 in respect of which the trademark was applied for are services for providing building construction supervision, building information, maintenance information, construction consulting, construction progress checks, construction, factories construction, commercial stalls and shops construction, housing construction and interior decoration.

4. The specific services under class 41 in respect of which the trademark was applied for are services for providing school (education), education, training, scheduling and organizing meetings, organizing cultural or educational exhibitions, amusement parks, entertainment, performances, club services (entertainment or education) and gatherings planning (entertainment).

5. The specific services under class 43 in respect of which the trademark was applied for are services for providing accommodation (hotels, boarding), cafes, restaurants, hotels, bar services, teahouses, offering camping venues and facilities, vacation rooms rental, nursing homes and day nurseries (child care).

6. The specific services under class 44 in respect of which the trademark was applied for are services for providing medical clinic services, medical massages, hospitals, health care, medical care, medical equipment rental, nursing homes, resting homes, private nursing homes and nutrition guidance.

7. The specific services under class 43 in respect of which the trademark was applied for are accommodation (hostels, boarding houses); cafes; hotel; fast food restaurants; tea houses; bar services; nursing homes; hotel reservations; animal foster care; and motels.

(b) Domain Name

As of the Latest Practicable Date, our Group was the registered owner of, or otherwise had the right to use, the following domain name which is material in relation to our Group's business:

Domain Name	Registration Date	Expiry Date
www.chinanewcity.com.cn	September 25, 2013	September 25, 2020

12. Connected transactions and related party transactions

Save as disclosed in the section headed "Continuing Connected Transactions" of this prospectus and in note 31 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, we have not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

13. Directors

(a) Disclosure of interests of Directors

(i) Mr. Shi is interested in the Reorganization.

(ii) Save as disclosed in this prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors' service contracts

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from May 31, 2014, which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated either by them by giving not less than three months' written notice expiring at the end of the initial term of their appointment or any time thereafter to the Company, or by the Company by giving not less than three months' written notice expiring at the first anniversary of the initial term of their appointment or any time thereafter to them.

With effect from the Listing Date, each of these executive Directors is entitled to the respective basic salary set out below (subject to an annual increment after January 1, 2015 at the discretion of the Directors of not more than 20% of the annual salary immediately prior to such increase).

The current basic annual salaries of the executive Directors payable under their service contracts are as follows:

Name	**Annual salary** *(RMB)*
Ms. Jin Ni	1,100,000
Mr. Li Chu	450,000
Ms. Tang Yiyan	250,000

In addition, Ms. Jin Ni will be entitled to the usage of a company car. Mr. Li Chu and Ms. Tang Yiyan will each be entitled to transportation allowance of RMB1,600 per month.

Non-executive Director

The non-executive Director has been appointed for an initial term of three years commencing from May 31, 2014, which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated either by the non-executive Director giving not less than three months' written notice expiring at the end of the initial term of his appointment or any time thereafter to the Company, or by the Company by giving not less than three months' written notice expiring at the first anniversary of the initial term of the appointment of the non-executive Director or any time thereafter to him. The appointment is subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. The non-executive Director is entitled to a director's fee of RMB200,000 per annum with effect from the Listing Date. In addition, the non-executive Director will be entitled to the usage of a company car with chauffeur. Save for director's fee, he is not expected to receive any other remuneration for holding his office as a non-executive Director.

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of three years commencing from May 31, 2014 which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated either by them by giving not less than three months' written notice expiring at the end of the initial term of their appointment or any time thereafter to the Company, or by the Company by giving not less than three months' written notice expiring at the first anniversary of the initial term of their appointment or any time thereafter to them. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of RMB200,000 per annum with effect from the Listing Date. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Remuneration of Directors

(i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the financial year ended December 31, 2011, 2012 and 2013 were approximately RMB3.1 million, RMB2.6 million and RMB3.7 million respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by our Directors (including our non-executive Director and independent non-executive Directors) for the year ending December 31, 2014, are expected to be about RMB4.4 million.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended December 31, 2013 as (i) 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.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended December 31, 2013.

(d) Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations following the Global Offering

Immediately following completion of the Global Offering and the Capitalization Issue and assuming that all Qualifying Zhong An Shareholders will take up their respective Assured Entitlement under the Preferential Offering in full, and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the interests and short positions of the Directors in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

Name of Director	**Name of Group member/associated corporation**	**Capacity/nature of interest**	**Capital/number and class of securities** *(Note 1)*	**Approximate percentage of shareholding**
Mr. Shi	Our Company	Interest in controlled corporation *(Note 2)*	1,302,575,000 Shares (L)	75.0%
	Ideal World	Interest in controlled corporation *(Note 3)*	100 shares of US$1 each (L)	100%
	Zhong An	Interest in controlled corporation *(Note 4)*	1,628,760,000 shares of HK$0.10 each (L)	68.8%

Name of Director	Name of Group member/associated corporation	Capacity/nature of interest	Capital/number and class of securities *(Note 1)*	Approximate percentage of shareholding
	Zhong An	Beneficial owner *(Note 5)*	5,183,720 shares of HK$0.10 each (L)	0.22%
	Whole Good	Beneficial owner	1 share of US$1.00 (L)	100%
Ms. Jin Ni	Zhong An	Beneficial owner *(Note 6)*	1,861,240 shares of HK$0.10 each (L)	0.08%
Mr. Li Chu	Zhong An	Beneficial owner *(Note 7)*	300,000 shares of HK$0.10 each (L)	0.01%
Ms. Tang Yiyan	Zhong An	Beneficial owner *(Note 8)*	300,000 shares of HK$0.10 each (L)	0.01%

Notes:

1. The letter "L" denotes our Directors' long position in the shares of our Company or the relevant associated corporation.

2. Among these 1,302,575,000 Shares, 1,270,000,000 Shares will be held by Ideal World, the wholly-owned subsidiary of Zhong An. The entire issued shares of Zhong An are owned as to approximately 68.8% by Whole Good, which is wholly owned by Mr. Shi. In addition, 32,575,000 Shares will be held by Whole Good. By virtue of the SFO, Mr. Shi is taken to be interested in the Shares in which each of Ideal World and Whole Good is interested.

3. These shares are held by Zhong An, the entire issued shares of which are owned as to approximately 68.8% by Whole Good, which is wholly owned by Mr. Shi. By virtue of the SFO, Mr. Shi is deemed to be interested in the shares of Ideal World in which Zhong An is interested.

4. These shares are held by Whole Good, which is wholly owned by Mr. Shi. By virtue of the SFO, Mr. Shi is deemed to be interested in the shares of Zhong An in which Whole Good is interested.

5. These shares represent the underlying shares in Zhong An comprised in the options granted to and held by Mr. Shi pursuant to its share option scheme. The percentage of shareholding is calculated based on 2,367,635,400 shares in issue and as enlarged by the 5,183,720 shares to be issued upon exercise of the options in full.

6. These shares represent the underlying shares in Zhong An comprised in the options granted to and held by Ms. Jin Ni pursuant to its share option scheme. The percentage of shareholding is calculated based on 2,367,635,400 shares in issue and as enlarged by the 1,861,240 shares to be issued upon exercise of the options in full.

7. These shares represent the underlying shares in Zhong An comprised in the options granted to and held by Mr. Li Chu pursuant to its share option scheme. The percentage of shareholding is calculated based on 2,367,635,400 shares in issue and as enlarged by the 300,000 shares to be issued upon exercise of the options in full.

8. These shares represent the underlying shares in Zhong An comprised in the options granted to and held by Ms. Tang Yiyan pursuant to its share option scheme. The percentage of shareholding is calculated based on 2,367,635,400 shares in issue and as enlarged by the 300,000 shares to be issued upon exercise of the options in full.

14. Interest discloseable under the SFO and substantial shareholders

So far as is known to the Directors, immediately following completion of the Global Offering and the Capitalization Issue (assuming that all Qualifying Zhong An Shareholders will take up their respective Assured Entitlement under the Preferential Offer in full, and without taking into account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be allotted, and issued upon the exercise of the Over-allotment Option), other than a Director or chief executive of our Company whose interests are disclosed under the sub-paragraph headed "Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations following the Global Offering" above, the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of shareholders	**Company/Name of Group member**	**Capacity/nature of interest**	**Capital/number and class of securities** *(Note 1)*	**Approximate percentage of shareholding**
Ideal World	Our Company	Beneficial owner	1,270,000,000 Shares (L)	73.1%
Zhong An	Our Company	Interest in controlled corporation *(Note 2)*	1,270,000,000 Shares (L)	73.1%
Whole Good	Our Company	Interest in controlled corporation *(Note 2)*	1,270,000,000 Shares (L)	73.1%
	Our Company	Beneficial owner *(Note 3)*	32,575,000 Shares (L)	1.9%
Xiaoshan Yunzhongxia *(Note 4)*	Zhong An Shenglong	Beneficial owner	RMB5 million registered capital (L)	10.0%
Hangzhou Zhongqiang *(Note 5)*	Zhong An Property Development Xiaoshan	Beneficial owner	RMB200,000 registered capital (L)	10.0%
Tonglu Tourism *(Note 6)*	Tonglu Development JV	Beneficial owner	RMB15 million registered capital (L)	15.0%

Notes:

1. The letter "L" denotes the shareholder's long position in the shares or registered capital of our Company and/or the relevant member of our Group.

2. 1,270,000,000 Shares will be held by Ideal World, the wholly-owned subsidiary of Zhong An, the entire issued shares of which are owned as to approximately 68.8% by Whole Good, which is wholly owned by Mr. Shi. By virtue of the SFO, each of Zhong An, Whole Good and Mr. Shi is taken to be interested in the Shares in which Ideal World is interested.

3. Assuming that Whole Good, being one of the Qualifying Zhong An Shareholders, will take up its Assumed Entitlement under the Preferential Offering in full, 32,575,000 Shares are expected to be held by Whole Good, which is wholly owned by Mr. Shi. By virtue of the SFO, Mr. Shi is taken to be interested in the Shares in which Whole Good is interested.

4. The ultimate beneficial owners of Xiaoshan Yunzhongxia are Qi Xiaomin and Chen Junmin. Ms. Qi and Mr. Chen are also beneficial owners of Hangzhou Zhongqiang being a substantial shareholder of Zhong An Property Development Xiaoshan. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, neither Ms. Qi nor Mr. Chen is connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

5. The beneficial owners of Hangzhou Zhongqiang are Qi Xiaomin and Chen Junmin. Ms. Qi and Mr. Chen are also beneficial owners of Xiaoshan Yunzhongxia being a substantial shareholder of Zhong An Shenglong. Ms. Qi is also an employee of the Remaining Zhong An Group. Save as aforesaid, neither Ms. Qi nor Mr. Chen is connected to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates.

6. The beneficial owners of Tonglu Tourism are Tonglu County State-owned Asset Management Committee*（桐廬縣國有資產管理委員會）and Tonglu County Fenshui Town Construction Investments Co., Ltd.*（桐廬縣分水鎮建設投資開發有限公司）, both Independent Third Parties.

15. Disclaimers

Save as disclosed in this appendix and the sections headed "History, Reorganization and Corporate Structure", "Continuing Connected Transactions" and "Underwriting" in this prospectus:

(a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option, the Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Global Offering and the Capitalization Issue will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of us;

(b) none of the Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;

(c) none of the Directors nor any of the parties listed in the paragraph 22 below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of us nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(d) none of the Directors nor any of the parties listed in the paragraph 22 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of us; and

(e) save in connection with the Underwriting Agreement, none of the parties listed in the paragraph 22 below:

(i) is interested legally or beneficially in any securities of any member of us; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

OTHER INFORMATION

16. Estate duty, tax and other indemnity

Zhong An and Ideal World (collectively, the "Indemnifiers") have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being the material contract (w) referred to in paragraph 9 above) to provide indemnities in respect of, among other matters:

(a) any liability for Hong Kong estate duty which might be payable by our Company or any member of our Group by virtue of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong; and

(b) taxation, together with all reasonable costs (including all legal costs), fines, penalties, costs, charges, expenses or other liabilities which might be payable by our Company or any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any transaction or event entered into or occurring on or before the Listing Date, whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation are chargeable against or attributable to any other person, firm, company or corporation.

None of the Indemnifiers shall be liable under the deed of indemnity in respect of any taxation:

(a) to the extent that provision has been made for such taxation in the audited accounts of our Company or any member of our Group for any accounting period up to December 31, 2013;

(b) to the extent that such taxation or liability falling on our Company or any member of our Group in respect of any accounting period commencing on or after January 1, 2014 and ended on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, our Company or any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of any of the Indemnifiers, otherwise than any such act, omission or transaction:

(i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after January 1, 2014; or

(ii) carried out, made or entered into pursuant to a legally binding commitment created on or before December 31, 2013 or pursuant to any statement of intention made in this prospectus; or

(c) to the extent that such taxation liabilities or claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority in the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation or taxation claim after the date of the deed of indemnity with retrospective effect; or

(d) to the extent that any provision or reserve made for taxation in the audited accounts of our Company or any member of our Group up to December 31, 2013 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the deed of indemnity, the Indemnifiers have also undertaken to our Company and each of the member of our Group that each of them will jointly and severally indemnify and at all times keep our Company and each of the member of our Group fully indemnified on demand from any depletion in or reduction in value of our/their assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which our Company or any member of our Group may incur or suffer arising from or in connection with (i) the implementation of the Reorganization; and (ii) any non-compliance or alleged non-compliance by our Company or any member of our Group with any applicable PRC laws and regulations as referred to in the section headed "Business – Compliance with relevant PRC regulations and requirements" in this prospectus before the Listing Date.

17. Litigation

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our results of operations or financial condition of our Group.

18. Preliminary expenses

The preliminary expenses of our Company are estimated to be about HK$85,800 and are payable by our Company.

19. Promoter

(a) Our Company does not have any promoter.

(b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

20. Agency fees or commissions received

For details of the agency fees or commissions to be received by the Underwriters, please refer to the section headed "Underwriting – Commissions and expenses" in this prospectus.

21. The Sole Sponsor

The Sole Sponsor have made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The sponsor's fees payable by us in respect of the Sole Sponsor's services as sponsor for the Listing is HK$4.5 million.

22. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
BOCOM International (Asia) Limited	Licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified public accountants
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Jincheng Tongda & Neal	Qualified PRC lawyers
CBRE Limited	Professional surveyor
BDO Financial Services Limited	Internal control advisor

23. Consents of experts

Each of BOCOM International (Asia) Limited, Ernst & Young, Conyers Dill & Pearman (Cayman) Limited, Jincheng Tongda & Neal, CBRE Limited and BDO Financial Services Limited has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their report and/or letter and/or summary of valuations and/or legal opinion and/or opinion (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

24. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

25. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

26. Miscellaneous

(a) Save as disclosed in this appendix and the sections headed "History, Reorganization and Corporate Structure" and "Underwriting" in this prospectus:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;

(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; and

(b) save as disclosed in the section headed "Financial Information – No material adverse change" in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2013 (being the date to which the latest audited combined financial statements of our Group were made up).

(c) our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

27. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the **WHITE**, **YELLOW**, **GREEN** and **BLUE** Application Forms;

(b) the written consents referred to in the sub-paragraph headed "23. Consents of experts" in the paragraph headed "Other information" in Appendix V to this prospectus; and

(c) copies of the material contracts referred to in the sub-paragraph headed "9. Summary of material contracts" in the paragraph headed "Further information about the business of our Company" in Appendix V to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by the public at the office of Chiu & Partners at 40/F., Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the memorandum of association of our Company and the Articles of Association;

(b) the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of our Group for each of the years ended December 31, 2012 and 2013;

(d) the letter prepared by Ernst & Young on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(e) the valuation report (including a letter, a summary of valuation and the valuation certificate) prepared by CBRE Limited relating to the property interests of our Group, the texts of which are set out in Appendix III to this prospectus;

(f) the Companies Law;

(g) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarising certain aspects of Cayman Islands companies law as referred to in Appendix IV to this prospectus;

(h) the legal opinions prepared by the PRC Legal Advisers in respect of certain aspects of our Group and the property interests of our Group in the PRC;

(i) the material contracts referred to in the sub-paragraph headed "9. Summary of material contracts" under the paragraph headed "Further information about the business of our Company" in Appendix V to this prospectus;

(j) the service contracts referred to in the sub-paragraph headed "13. Directors – (b) Particulars of Directors' service contracts" under the paragraph headed "Further information about Directors and Shareholders" in Appendix V to this prospectus; and

(k) the written consents referred to in the sub-paragraph headed "23. Consents of experts" under the paragraph headed "Other information" in Appendix V to this prospectus.

中國新城市商業發展有限公司
China New City Commercial Development Limited