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Web Proof Information Pack of



Wuzhou International Holdings Limited

五洲國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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SUMMARY

OVERVIEW

We are a leader in the development and operation of specialized wholesale markets in China and we are also a leading property developer in both the Yangtze River Delta Area and Jiangsu Province in the development and operation of multi-functional commercial complexes, according to a survey by Savills. In November 2010, our brands “Wuzhou International” and “Columbus” were awarded the “2010 Well-known Commercial Real Estate Brands in China” by China Marketing Academy (中國市場研究院). Our “Wuzhou International”-branded specialized wholesale markets are comprehensive trading platforms for vendors of specific types of industrial and consumer products, such as industrial hardware, construction materials, furniture, household goods, auto parts and small commodities. Our “Wuzhou International”- and “Columbus”-branded multi-functional commercial complexes provide one-stop shopping with supermarkets, department stores, restaurants, movie theaters, offices and other ancillary facilities. We were a top-three developer and operator of specialized wholesale markets in China and a top-20 developer and operator of multi-functional commercial complexes in the Yangtze River Delta Area, based on total GFA completed, under development and held for future development as of December 31, 2012, according to Savills. For more details on our ranking, please refer to the section headed “Our Industry”.

Our commercial properties attract consumers in some of the most prosperous urban areas in China. We strategically sell certain properties for immediate access to capital to fund our business expansion, while retaining other properties for long-term returns from recurring rental income and capital appreciation. We may gradually increase the proportion of the GFA we develop as investment properties, taking into account our cash flow situation and market conditions. Our ability to bring our properties to market in a relatively short period of time increases our capital turnover. We begin pre-selling the majority of our projects within seven months after obtaining the relevant land use rights certificates. In Xiangyang Wuzhou International Industrial Exhibition City, we began pre-selling within one month after obtaining the relevant land use rights certificates. In addition, we are also operating a department store and plan to develop and operate a hotel at our projects.

All of our projects are operated and managed by us under our well-known “Wuzhou International” and “Columbus” brand names, which have achieved favorable brand recognition in cities where our projects are located. As of February 28, 2013, 98.7% of purchasers of our retail shops entered into exclusive operation and management agreements with us. 90.8% of these agreements have a term of 10 to 20 years, under which we typically receive commercial service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years and then 8% to 10% of the rental value for the remaining years. Under such agreements, we manage and control the leasing for our projects on behalf of the purchasers in order to optimize tenant mix and rental yield. To optimize operating results and enhance our market reputation, we endeavor to operate our properties under unified brands, planning, management, marketing and services. We believe operating and managing our projects under our unified brand names enables us to effectively improve the visitor and occupier experience relating to our projects, while associating our brands with high-quality developments.

We have formulated and maintain a systematic approach in planning, designing, investing in and developing our properties, including:

- Project formation and screening. We investigate available sites that are compatible with our overall business development strategies, conduct preliminary screening of the sites, and outline the most desirable and suitable property type for a particular site and conduct a preliminary feasibility study.
- City and site selection. We conduct detailed due diligence investigations and analysis of economic statistics, consumer behavior and industrial demand on potential development opportunities. We consider the following key factors, among others, in our city and site selection process and prepare a detailed feasibility study and market research:
 - general socio-economic conditions of the city;

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- urban planning and development plans for the next five years;
 - purchasing power and spending patterns of the residents;
 - site area and location of the site;
 - surrounding establishments and expected growth of the surrounding area; and
 - ease of access to various means of transportation.
- Land acquisition. We obtain land use rights through public tenders, auctions or listings-for-sale directly from the relevant government authorities and may in the future acquire land use rights from third-party grantees of land use rights.
 - Project construction. We outsource the construction of our projects to third-party construction companies, whom we carefully select and closely monitor and supervise to ensure the construction and quality are consistent with our project planning and design specifications.
 - Sales and marketing. We maintain centralized sales and marketing department to provide sales and marketing services for all of our projects. We target sales of our specialized wholesale market units to small business owners and affluent individuals, and sales of our commercial complex units to affluent individuals. Our target rental customers are retail, hospitality, recreation and entertainment services providers and other business entities seeking to lease quality premises in prime locations. We pre-sell properties prior to the completion of their construction in accordance with the relevant laws, regulations and local requirements for pre-sales.
 - Commercial operation and management. Most of the purchasers of our properties have entered into exclusive operation and management agreements with us, under which we receive commercial management service income from the purchasers for managing and controlling the leasing of the retail shops, organizing events and providing ancillary services to them. We also provide general property management services to tenants and occupiers.

We believe our systematic and structured approach allows us to successfully develop our projects, increase the appreciation potential of our properties and expand rapidly and effectively into new strategic regions, as well as to achieve increasing brand recognition and market position.

By selling, investing in, operating and managing properties, we have created a synergistic business model and a multi-dimensional perspective which we believe enables us to effectively address the needs of our existing and potential tenants and purchasers and assists 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.

China has experienced double-digit economic growth per year on average over the past three decades driven by the government's extensive economic reforms. In the past seven years, China's gross domestic product, or GDP, increased from RMB18.5 trillion in 2005 to RMB51.9 trillion in 2012, representing a compound annual growth rate, or CAGR, of approximately 15.9%, according to China Statistical Year Book 2012 and Statistical Communique of China, 2012. China's economic growth has primarily been driven by increasing government spending on infrastructure and private sector investments in land developments, as well as by increasing consumer spending.

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Our business has benefited and is expected to continue to benefit from the rapid economic growth and accelerating urbanization process in China, the significant demand growth in the Yangtze River Delta Area, and the PRC government’s recent initiatives to increase fixed asset investment, consumer spending and infrastructural spending. We focus on the commercial real estate market, which has continued to grow steadily notwithstanding the PRC government’s attempts to cool the residential market. We market our properties to an increasing number of small and medium-sized enterprises in fast-growing cities in China. We also target wealthy residents in urban and rural areas in China. According to the Ministry of Industry and Information Technology (工業和信息化部), the number of small and medium-sized enterprises (including microenterprises) in China is expected to grow steadily in the next five years at an annual rate of approximately 8.0%. Many occupiers of our properties are microenterprises who tie their success to the long-term popularity and profitability of our projects. We believe wealthy urban and rural residents will continue to invest in the real estate market, including our projects, due to the continuing increase in their disposable income and the attractive yields our projects have generated historically.

The PRC government implemented a series of measures aimed at cooling the residential real estate market in the past few years. While we focus on the commercial real estate market, which continues to grow steadily in spite of the PRC government’s attempts to cool the residential market, the PRC government may implement policies that will materially and adversely affect our business, results of operations and profitability. Please refer to the section headed “Risk Factors — Risks Relating to the PRC — Our operations are extensively regulated, and particularly sensitive to changes in policies related to the real estate industry in China”.

Since commencing commercial property development in 2004, we have expanded our operations rapidly. As of February 28, 2013, we had a total of 11 specialized wholesale markets (including 23 project phases) and 14 multi-functional commercial complexes (including 17 project phases), at different stages of development, with total planned GFA of approximately 7.3 million sq.m. in six rapidly developing provinces across China. We have 12 projects (including 19 project phases) in the Yangtze River Delta Area. Our projects include:

- **Completed projects.** We have completed eight project phases with a total GFA of 1.2 million sq.m., including four specialized wholesale markets, Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城), Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城), Dali Wuzhou International Trade City (大理五洲國際商貿城) and Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城), and four multi-functional commercial complexes, Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場), Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城), Meicun Wuzhou International Plaza (梅村五洲國際廣場) and Yangjian Wuzhou International Plaza (羊尖五洲國際廣場).
- **Projects under development.** We have 17 project phases under development in Wuxi (無錫), Chongqing (重慶), Hangzhou (杭州), Nantong (南通), Yancheng (鹽城), Dali (大理), Jianhu (建湖), Xuyi (盱眙), Leling (樂陵) and Xiangyang (襄陽) with a total planned GFA of approximately 2.0 million sq.m., including approximately 0.9 million sq.m., or 45.0%, reserved for specialized wholesale markets and approximately 1.1 million sq.m., or 55.0%, reserved for multi-functional commercial complexes.
- **Projects planned for future development.** We have 15 project phases planned for future development in 12 cities, with a total estimated GFA of approximately 4.1 million sq.m., including approximately 2.9 million sq.m., or 70.7%, reserved for specialized wholesale markets and approximately 1.2 million sq.m., or 29.3%, reserved for multi-functional commercial complexes.

In 2010, 2011 and 2012, our revenue amounted to RMB875.8 million, RMB1,515.8 million and RMB2,253.2 million, respectively, and we derived 93.1%, 91.0% and 94.4% of our revenue from

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property development, respectively, and 6.2%, 6.8% and 4.9% of our revenue from property management and investment, respectively. Our profit after tax in 2010, 2011 and 2012 amounted to RMB289.7 million, RMB373.3 million and RMB753.9 million, respectively.

We entered into six loans with trust institutions during the Track Record Period and up to March 31, 2013, of which four loans were outstanding as of March 31, 2013. While the interest rates of loans with trust institutions are typically two to 12 percentage points higher than those of bank loans, we chose to obtain these loans as an alternative source of funding for some of our projects to take advantage of their flexible terms and security structure and more favorable timing of funding as compared to bank loans, which help diversify our financing channels. You can find more detailed information regarding these loans with trust institutions in the section headed “Financial Information — Indebtedness, Net Current Assets and Contingent Liabilities — Indebtedness.”

OUR COMPETITIVE STRENGTHS

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

Well-positioned to benefit from China’s economic policies

Our business has benefited, and we believe that we will continue to benefit, from the favorable macro-economic environment for the commercial real estate industry in the Yangtze River Delta Area and across China. We believe our specialized wholesale markets consolidate segmented local markets and offer a significantly broader range of services than traditional commercial markets, introducing multiple functions, and creating a new generation of regional trading and logistics centers. We also believe our multi-functional commercial complexes expand the traditional shopping mall model by offering features adapted to local leisure time needs, while providing one-stop shopping. In addition, our multi-functional commercial complexes are viewed as landmark properties in Wuxi, and help to stimulate the growth and development of the surrounding neighborhoods.

Leading commercial real estate developer and operator with successful and scalable business model

According to Savills, based on total GFA completed, under development and held for future development as of December 31, 2012, we were a top-three developer and operator of specialized wholesale markets in China and a top-20 developer and operator of multi-functional commercial complexes in the Yangtze River Delta Area. Our property development and operational leadership is further evidenced by the numerous awards we have received recognizing the construction quality, sales and operation of our projects.

Strong commercial real estate operational capability

All of our projects are commercially operated and managed by us under our “Wuzhou International” and “Columbus” brand names as opposed to being operated by individual property owners. We believe our operation and management services promote our brands, provide additional business opportunities and increase tenant and purchaser loyalty, while deepening our understanding of the demands of our occupiers.

Established relationships with well-recognized brands

We believe that our long-term strategic relationships with domestic and international brands across a wide spectrum of sectors as our tenants enhance the consumer recognition of our projects and the value we offer to our tenants and purchasers in general, while providing us with long-term, recurring rental income. We also enjoy a broad and stable tenant and purchaser base.

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Proven track record and reputation providing us with significant bargaining power when acquiring new land

We believe that we are able to acquire land with appreciation potential at reasonable prices, as a result of our extensive experience and in-depth local knowledge in commercial real estate and strong reputation for benefiting local communities. We also benefit from our networks of existing and potential purchasers, business owners and anchor tenants, who provide us with valuable information on land acquisition opportunities from time to time. We strategically align our project developments with the development plans of local governments, which we believe provides us with greater competitive advantages and stronger bargaining power than our competitors have when acquiring project sites.

Founders with extensive experience and networks and management team with strong execution capabilities

We have an experienced management team, a majority of which has over eight years of experience in commercial real estate development. Our executive team has extensive experience in managing retail shops across multiple industries as well as executive experience in various commercial real estate companies with a broad geographical reach in China, which is crucial to the quality of our commercial operation management of the projects. Our experienced management team is led by our founders, Shu Cecheng and Shu Cewan, both of whom have extensive experience, established reputations and significant networks in commercial trading and commercial real estate development.

You can find more detailed discussions regarding our competitive strengths in the section headed “Business — Our Competitive Strengths”.

OUR BUSINESS STRATEGIES

We aim to become a national leader in China’s commercial real estate market by maximizing our returns in existing projects and expanding into new strategic locations. Our key strategies include:

Continue to replicate our successful business model in other rapidly developing cities in China

We aim to replicate our successful business model to other rapidly developing cities in China. We have worked and expect to continue working closely with our previous and existing tenants and purchasers, particularly anchor tenants and owner-occupiers, to formulate our geographic expansion strategies. We aim to build new specialized wholesale markets to meet the demands of industrial towns or regional hub cities, such as Yantai (煙台) and Shenyang (瀋陽), and new multi-functional commercial complexes in cities that are experiencing rapid economic and demographic growth, such as Hangzhou (杭州), Nantong (南通), Yancheng (鹽城) and Xuyi (盱眙).

Enhance our operation and management of commercial properties to achieve sustainable long-term growth

We believe that active project management has been, and will continue to be, a strategic focus that drives long-term value in our projects and creates synergies among our property purchasers, occupiers and us. We intend to focus on a number of initiatives, including optimizing tenant mix to maximize return, providing value-added services to enhance tenant and purchaser loyalty, and organizing marketing and promotional events to increase traffic and sales volume.

Strengthen long-term strategic relationships with target customers and recognizable brands

We strive to build long-term relationships with attractive tenants and purchasers to support our business expansion and increase the value of our properties. We aim to increasingly lease our

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properties to well-known domestic and international brands to enhance the overall public perception of our properties. We also aim to sell our properties to owner-occupiers who are invested in the long-term value of our projects and who may promote the long-term stability, popularity and profitability of our properties. We aim to secure more well-known domestic and international brands as our long-term anchor tenants.

Continue to enhance recognition of our brands

We intend to continue to focus on increasing recognition of our brands by offering projects with innovative design and distinctive features that are well-received by occupiers, tenants and purchasers. We intend to maintain and enhance our cooperative relationship with anchor tenants to leverage the consumer recognition of these high-profile and reputable brands. We also plan to leverage our existing tenant and purchaser base and affiliations with various trade networks to encourage new purchases and rentals, repeat business and referrals, especially among small and medium-sized enterprises.

Expand the range of industries to be featured in our specialized wholesale markets to diversify our revenue streams

We intend to develop new specialized wholesale markets to address the demands of a wider array of industry groups, based on the location of our planned projects, local manufacturing activities and urban planning. We are currently considering developing specialized wholesale markets that are focused on product categories which present significant growth potential, such as auto parts and small commodities.

You can find more detailed discussions regarding our strategies in the section headed “Business — Our Business Strategies”.

SUMMARY

RESULTS OF OPERATIONS

The following tables summarize our consolidated financial results during the Track Record Period. The summary of consolidated statement of financial position data as of December 31, 2010, 2011 and 2012 and the summary of consolidated statement of comprehensive income data and the summary of consolidated statement of cash flows data for the three years ended December 31, 2010, 2011 and 2012 included in the following tables are derived from, and should be read in conjunction with the Accountants' Report in Appendix I to this document and the section headed "Financial Information".

Summary of Consolidated Statements of Comprehensive Income

	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Revenue	875,794	1,515,769	2,253,240
Cost of sales	(485,769)	(776,287)	(1,052,374)
Gross profit	390,025	739,482	1,200,866
Other income and gains	110,879	7,514	25,309
Selling and distribution costs	(161,986)	(155,285)	(232,545)
Administrative expenses	(55,392)	(155,907)	(271,725)
Other expenses	(15,677)	(7,161)	(16,797)
Fair value gain upon transfer to investment properties	17,731	112,564	392,105
Change in fair value of investment properties	20,000	120,654	185,346
Finance costs	(177)	(12,132)	(25,071)
Share of profits and losses of associates	109,230	(2,353)	5,016
Profit before taxation	414,633	647,376	1,262,504
Income tax expense	(124,908)	(274,108)	(508,620)
Profit after tax and total comprehensive income for the year	289,725	373,268	753,884
Attributable to:			
Owners of the parent	284,837	313,412	699,711
Non-controlling interests	4,888	59,856	54,173
	289,725	373,268	753,884

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

	For the year ended December 31,					
	2010		2011		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except percentages)					
Sale of properties	815,605	93.1	1,380,087	91.0	2,126,322	94.4
Rental income	12,168	1.4	24,277	1.6	30,749	1.4
Commercial management service income	39,673	4.5	71,487	4.7	68,290	3.0
Property management income	2,632	0.3	7,906	0.5	10,743	0.5
Commissions from concessionaire sales	—	—	1,207	0.1	6,035	0.2
Others	5,716	0.7	30,805	2.1	11,101	0.5
Total Revenue	875,794	100	1,515,769	100	2,253,240	100

We had a one-time gain of RMB107.6 million, which was recorded under other income and gains, in 2010 in connection with the acquisition of a subsidiary. We acquired a 19.4% equity interest in

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Wuxi Longan from three independent third parties, being friends of Shu Cecheng, in December 2010. We recorded the gain reflecting (i) the difference of RMB75.0 million between the amount of our payment for the acquisition of a 19.4% equity interest in Wuxi Longan, and the fair value of the net assets of Wuxi Longan at the acquisition date, and (ii) a gain of RMB32.6 million from the remeasurement of the fair value of the 33.0% equity interest in Wuxi Longan previously acquired by us. The consideration for the 19.4% equity interest in Wuxi Longan was determined through arm's length negotiations with three independent third parties, taking into account that the sellers had enjoyed reasonable investment returns and decided to dispose of their interests when the development of the project had not come to the stage for delivery and revenue not yet recognized. The Directors confirmed that, other than this project, the Company does not have any past or present business relationships with such three independent third parties.

In 2010, we incurred a loss on transfer tax, including tax and levies paid based on the transfer price, of RMB11.0 million as we sold a parcel of land, at cost, including pre-construction cost. The transfer tax comprised a business tax of 5%, surcharges of 0.55% and a land appreciation tax, or LAT, of 3% of the transfer price.

In 2012, we incurred losses of RMB6.9 million related to the disposal of Wuxi Small Credit. The losses represent the difference between the consideration of this equity transfer and the carrying amount of investment in Wuxi Small Credit from us.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Non-current assets	1,001,609	1,815,137	3,193,697
Current assets	3,245,677	5,515,379	7,240,088
Total Assets	4,247,286	7,330,516	10,433,785
Current liabilities	3,095,247	5,034,601	6,817,665
Non-current liabilities	280,926	1,043,993	1,971,005
Total Liabilities	3,376,173	6,078,594	8,788,670
Total Equity	871,113	1,251,922	1,645,115
Total Equity and Liabilities	4,247,286	7,330,516	10,433,785

Capital Commitments

Our capital commitments are primarily related to development costs. We had the following capital commitments as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Contracted but not provided for:			
acquisition of land use rights	—	41,392	133,880
properties under development	545,147	503,513	1,630,025
Total	545,147	544,905	1,763,905

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Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Net cash flows from/(used in) operating activities	(318,255)	(734,183)	52,871
Net cash flows (used in)/from investing activities	99,969	(291,811)	(434,419)
Net cash flows from financing activities	212,798	1,366,812	621,218
Net increase/(decrease) in cash and cash equivalents	(5,488)	340,818	239,670
Cash and cash equivalents at beginning of year	180,451	174,963	515,781
Cash and cash equivalents at the end of year	174,963	515,781	755,451

Our net cash flows used in operating activities were RMB318.3 million and RMB734.2 million in 2010 and 2011, respectively, primarily due to land acquisition costs and construction costs incurred in connection with our expanded property development activities. Our net cash flows from operating activities were RMB52.9 million in 2012. For more details, please refer to the section headed "Financial Information — Liquidity and Capital Resources".

KEY OPERATING STATISTICS OF OUR PROJECTS

The following tables set forth breakdowns of our projects under various stages of development by province and by project type as of February 28, 2013:

Province	Completed projects	Projects under development	Projects planned for future development	Projects with MOUs signed
	Total GFA ⁽¹⁾	Total GFA/estimated total GFA ⁽¹⁾	Estimated total GFA ⁽¹⁾	Estimated total GFA ⁽¹⁾
	('000 sq.m.)			
Jiangsu Province	971.4	1,323.1	1,860.9	66.7
Yunnan Province	119.5	121.7	1,151.0	—
Chongqing Municipality	85.4	193.4	197.0	160.0
Zhejiang Province	—	76.6	—	—
Shandong Province	—	116.2	541.9	641.3
Hubei Province	—	217.1	350.1	—
Henan Province	—	—	—	400.0
Liaoning Province	—	—	—	224.0
Total	1,176.3	2,048.1	4,100.9	1,492.0

Project type	Completed projects	Projects under development	Projects planned for future development	Projects with MOUs signed
	Total GFA ⁽¹⁾	Total GFA/estimated total GFA ⁽¹⁾	Estimated total GFA ⁽¹⁾	Estimated total GFA ⁽¹⁾
	('000 sq.m.)			
Specialized wholesale market	850.9	945.7	2,930.1	1,492.0
Multi-functional commercial complex	325.4	1,102.4	1,170.8	—
Total	1,176.3	2,048.1	4,100.9	1,492.0

Note:

- (1) Includes non-saleable GFA such as car parks, storage warehouses and equipment rooms, civil defense, ancillary municipal infrastructure and other underground space that is not included in the plot ratio. Non-saleable GFA does not include underground retail space held for lease.

Project type	Completed projects				Projects under development				Projects planned for future development				
	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held lease	Total GFA or estimated total GFA ('000 sq.m.)	GFA pre-sold	GFA held sale	GFA held lease	Estimated total GFA	Estimated non-saleable GFA	Estimated saleable GFA
Specialized wholesale markets	850.9	61.7	587.2	88.2	49.0	64.9	945.7	151.5	627.3	108.2	2,930.1	286.5	2,643.7
Multi-functional commercial complex	325.4	63.7	135.1	24.0	27.7	74.9	1,102.4	126.1	623.7	109.7	1,170.8	147.0	1,023.9
Total	1,176.3	125.4	722.3	112.2	76.7	139.8	2,048.1	277.6	1,251.0	217.9	4,100.9	433.5	3,667.6

Project type	Projects under development						Projects planned for future development					
	Development costs incurred		Land acquisition costs incurred		Estimated development costs to be incurred		Development costs incurred		Land acquisition costs incurred		Estimated development costs to be incurred	
Specialized wholesale markets	1,342,056.5	217,622.6	1,124,433.9	877,103.2	—	877,103.2	447,133.5	447,133.5	—	7,113,163.2	201,346.1	6,911,817.1
Multi-functional commercial complex	3,699,832.7	1,611,555.7	2,088,277.0	1,251,107.4	23,590.0	1,227,517.4	318,776.7	318,776.7	—	3,314,975.7	209,395.8	3,105,579.9
Total	5,041,889.2	1,829,178.3	3,212,710.9	2,128,210.6	23,590.0	2,104,620.6	765,910.2	765,910.2	—	10,428,138.9	410,741.9	10,017,397.0

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SUMMARY

Our average selling price per sq.m. in 2010, 2011 and 2012 was RMB7,172.5, RMB8,741.5 and RMB8,399.5, respectively. The following table sets forth a breakdown of our revenue from the sale of properties by project for the periods indicated:

	For the year ended December 31,								
	2010			2011			2012		
	GFA sold (sq.m.)	Average selling price (RMB/ sq.m.)	Revenue (RMB in thousands)	GFA sold (sq.m.)	Average selling price (RMB/ sq.m.)	Revenue (RMB in thousands)	GFA sold (sq.m.)	Average selling price (RMB/ sq.m.)	Revenue (RMB in thousands)
Specialized wholesale markets									
Wuxi Wuzhou International Ornamental City	33,468.5	7,707.9	257,972.4	65,284.6	8,405.0	548,715.0	36,097.9	5,313.3	191,798.5
Wuxi Wuzhou International Industrial Exhibition City	80,244.0	6,949.2	557,633.3	75,084.4	6,753.6	507,092.0	124,269.4	7,530.0	935,742.8
Dali Wuzhou International Trade City	—	—	—	—	—	—	58,919.6	6,037.6	355,733.0
Sub-total/Average	113,712.5	7,172.5	815,605.7	140,369.0	7,521.7	1,055,807.0	219,286.9	6,764.1	1,483,274.3
Multi-functional commercial complexes									
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	—	17,205.5	18,498.1	318,271.9	159.5	42,745.1	6,819.1
Wuxi Wuzhou International Columbus Plaza	—	—	—	302.8	19,846.2	6,009.0	9,283.7	21,039.2	195,322.8
Meicun Wuzhou International Plaza	—	—	—	—	—	—	15,228.9	23,042.5	350,910.1
Yangjian Wuzhou International Plaza	—	—	—	—	—	—	9,191.2	9,791.5	89,995.8
Sub-total/Average	—	—	—	17,508.3	18,521.4	324,280.9	33,863.3	18,989.5	643,047.8
Total/Average	113,712.5	7,172.5	815,605.7	157,877.3	8,741.5	1,380,087.9	253,150.2	8,399.5	2,126,322.1

The following table sets forth our gross profit margins by project for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	Revenue	Cost of properties sold	Gross profit margin	Revenue	Cost of properties sold	Gross profit margin
				(RMB in thousands, except percentages)		
Specialized wholesale markets						
Wuxi Wuzhou International Ornamental City	257,972.4	114,176.5	55.7%	548,715.0	279,539.6	49.1%
Wuxi Wuzhou International Industrial Exhibition City	557,633.3	352,309.5	36.8%	507,092.0	305,610.3	39.7%
Dali Wuzhou International Trade City	—	—	—	—	—	—
Sub-total/Average	815,605.7	466,486.0	42.8%	1,055,807.0	585,149.9	44.6%
Multi-functional commercial complexes						
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	—	318,271.9	145,166.0	54.4%
Wuxi Wuzhou International Columbus Plaza	—	—	—	6,009.0	4,359.8	27.5%
Meicun Wuzhou International Plaza	—	—	—	—	—	—
Yangjian Wuzhou International Plaza	—	—	—	—	—	—
Sub-total/Average	—	—	—	324,280.9	149,525.8	53.9%
Total/Average	815,605.7	466,486.0	42.8%	1,380,087.9	734,675.7	46.8%

SUMMARY

RECENT DEVELOPMENT

As at February 28, 2013, we have completed the construction of developments totaling GFA of 1,176,300 sq.m. Since February 28, 2013 and up to the Latest Practicable Date, we completed the construction of Rongchang Wuzhou Hardware Ornamental City, Yangjian Wuzhou International Plaza and Jianhu Wuzhou International Trade City with a total GFA of 133,640.9 sq.m. which were completed in accordance with the expected schedule without any delay and commenced the construction of Jiangyin Wuzhou International Plaza and Sheyang Wuzhou International Plaza with an estimated total GFA of 268,535.6 sq.m.

The following tables set forth certain information of our projects for the three months ended March 31, 2013:

	For the three months ended March 31, 2013		
	GFA pre-sold	Average selling price	Pre-sale contract price
	(sq.m.)	(RMB/sq.m.)	(RMB in thousands)
China Longkou Wuzhou International Trade City	11,962.5	6,651.2	79,564.8
Wuxi Wuzhou International Chinese Food Culture Exposition City	1,689.8	26,549.2	44,862.9
Xiangyang Wuzhou International Industrial Exhibition City	43,381.9	4,833.1	209,667.9
Dali Wuzhou International Trade City	5,042.7	8,958.9	45,177.0
Leling Wuzhou International Ornamental City	987.7	4,440.6	4,385.8
Wuxi New District Columbus Plaza	1,386.3	29,251.9	40,551.6
Luoshe Wuzhou Columbus Plaza	616.4	22,792.7	14,049.9
Yantai Wuzhou International Industrial Exhibition City (Fushan)	10,294.7	6,053.0	62,313.4
Yancheng Wuzhou International Plaza	5,866.2	11,180.0	65,584.6
Wuxi Wuzhou International Industrial Exhibition City	12,374.8	4,169.3	51,594.4
Wuxi Wuzhou International Ornamental City	3,109.0	11,775.1	37,418.3
Nantong Wuzhou International Plaza	10,371.1	10,874.5	112,780.2
Rongchang Wuzhou Hardware Ornamental City	1,543.9	2,369.0	3,657.6
Yangjian Wuzhou International Plaza	2,448.7	4,169.2	10,209.1
Huaian Wuzhou International Plaza	12,516.3	4,722.1	59,102.7
Jianhu Wuzhou International Trade City	4,671.1	5,919.6	27,650.9
Wuxi Wuzhou International Columbus Plaza	261.3	7,997.9	2,089.7
Total	128,524.4		870,660.8

	For the three months ended March 31, 2013	
	GFA sold and delivered	Average selling price
	(sq.m.)	(RMB/sq.m.)
Wuxi Wuzhou International Industrial Exhibition City Phase I	50.6	3,628.5
Wuxi Wuzhou International Industrial Exhibition City Phase II	517.1	8,358.3
Wuxi Wuzhou International Industrial Exhibition City Phase I Hall A	1,478.6	5,381.1
Wuxi Wuzhou International Columbus Plaza Phase I	121.2	52,963.7
Wuxi Wuzhou International Columbus Plaza Phase II	17,707.6	10,587.7
Wuxi Wuzhou International Chinese Food Culture Exposition City	10,629.8	6,453.2
Yangjian Wuzhou International Plaza	4,085.2	11,751.2
Dali Wuzhou International Trade City Phase I	9,683.9	5,096.2
Rongchang Wuzhou Hardware Ornamental City	1,705.3	4,986.5
Total	45,979.3	

SUMMARY

Since December 31, 2012 and up to the Latest Practicable Date, the outstanding balance of our bank loans increased by RMB280.0 million, due to proceeds from bank loans of RMB415.0 million and repayments of bank loans of RMB135.0 million. During the same period, the outstanding balance of our other borrowings increased by RMB65.8 million, due to proceeds from new loans with trust institutions of RMB259.8 million and repayments of loans with trust institutions of RMB194.0 million.

In March 2013, we entered into a land use rights grant contract with the Land and Resources Bureau of Ruian and acquired a parcel of land located in Ruian City, Zhejiang Province, with a total site area of 90,022 sq.m. and a plot ratio between 1.5 and 2.3. This parcel of land is designated for commercial use. The land premium for this parcel of land was RMB108.03 million. We have not obtained the land use rights certificate for this parcel of land as of the date of this document.

Our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since December 31, 2012.

SHARE OPTION SCHEME

We adopted the Share Option Scheme on May 27, 2013 to provide for the grant of options to subscribe for our Shares to our employees and officers, including our Directors, who meet criteria set by us from time to time. Please refer to the section headed "Share Capital – Share Option Scheme" in Appendix VII to this document for a summary of the principal terms of the Share Option Scheme.

DIVIDEND POLICY

Subject to the Cayman Islands Companies Law, through a general meeting, we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized for other purposes, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders' approval. We did not declare or distribute any dividends during the Track Record Period. Considering our financial position, we currently intend, subject to the limitations described above and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders no less than 20% of any net distributable profit from our PRC operating entities, excluding net fair value gains or losses on investment properties, for the year ending December 31, 2013 and each year thereafter. However, we will re-evaluate our dividend policy annually.

VALUATION OF OUR INVESTMENT PROPERTIES

We are required to reassess the fair value of our investment properties at every reporting date for which we issue financial statements. In 2010, 2011 and 2012, we had fair value gains on our investment properties of RMB37.7 million, RMB233.2 million and RMB577.5 million, respectively. In 2010, 2011 and 2012, the fair value gains on our investment properties represented 9.1%, 36.0% and 45.7%, respectively, of our profit before tax.

SUMMARY

We adopted the income capitalization method for the valuation of our investment properties. The following table sets forth key assumptions used for our investment properties by project for the periods indicated:

Project	Key Assumptions					
	Approximate market monthly rental rate ⁽ⁱ⁾ (RMB per sq.m.)			Capitalization rate ⁽ⁱⁱ⁾		
	2010	2011	2012	2010	2011	2012
Wuxi Wuzhou International Ornamental City (Phase I)	16.4 – 41	19 – 43	21 – 46	3.0%	3.0%	3.0%
Wuxi Wuzhou International Ornamental City (Phase II)	18 – 45	21 – 48	26.1 – 46	3.3%	3.0%	3.0%
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	21 – 46	—	—	3.0%
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	26 – 48	—	—	3.0%
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	27.7	27.7	29	3.6%	3.5%	3.5%
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	17.1 – 24.5	—	—	3.5%
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	—	26 – 29	—	—	3.5%
Wuxi Wuzhou International Columbus Plaza (Phase I)	112 – 186	119 – 200	119 – 200	6.5%	6.0%	6.0%
Wuxi Wuzhou International Columbus Plaza (Phase II)	55	55	55 – 200	5.0%	5.0%	5.0% – 6.0%
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	—	55 – 64	—	—	6.0%
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	—	55 – 64	—	—	6.0%
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	52 – 55	37 – 55	—	5.8%-7.0%	4.0% – 5.8%
Meicun Wuzhou International Plaza	—	48 – 60	48 – 60	—	4.0%	4.0%
Yangjian Wuzhou International Plaza	—	36 – 45	41 – 46	—	3.5%	3.5% – 4.75%
Wuxi New District Columbus Plaza	—	75	45 – 55	—	5.0%	4.0% – 5.0%
Hangzhou Wuzhou International Plaza	—	178 – 270	61 – 270	—	6.5%	6.5%
Yancheng Wuzhou International Plaza	—	47 – 57	47 – 57	—	4.0% – 4.5%	5.0% – 5.5%
Huaian Wuzhou International Plaza	—	14.5 – 45	14.7 – 45	—	4.5%	4.5%
Luoshe Wuzhou Columbus Plaza	—	—	40 – 47	—	—	4.0% – 4.75%
Dali Wuzhou International Trade City	—	—	32	—	—	4.25%
Nantong Wuzhou International Plaza	—	—	46	—	—	5.3%

Notes:

- (i) The approximate market monthly rental rate is determined with reference to similar properties within the project and in the vicinity.
- (ii) The capitalization rate is determined with reference to the achievable selling prices and rental rates of similar properties in the vicinity.

SUMMARY

RISK FACTORS

We believe a few of the more significant risks relating to our business include:

- We may not be able to identify geographic locations with sufficient growth potential to expand our market reach. In addition, we may not be able to address all problems that may occur during our expansion such as intense competition from other real estate developers with more resources, significant commitments of capital resources incurred and substantial demands on our managerial, operational and other resources, and any failure to do so may render us unable to develop our projects as planned, which may in turn have a material and adverse effect on our business, financial condition and results of operations.
- There is a limited supply of suitable sites available for development in Wuxi, the Yangtze River Delta Area and other regions in China into which we plan to expand, and the costs of acquiring land use rights in many such cities have increased in recent years. The various PRC regulatory measures have further intensified the competition for land in China among property developers.
- The fair value gains on our investment properties represented a substantial portion of our profit before tax in 2010, 2011 and 2012, and the fair value of our investment properties may fluctuate from time to time. Any significant decrease in the fair value of our investment properties would materially and adversely impact our results of operations.
- 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, and the proportion of our specialized wholesale markets and multi-functional commercial complexes. For example, if we increase the GFA held for investment, our proceeds from the sale of properties will be reduced, thereby negatively affecting our cash flows for the period.
- We experienced net cash outflows from operating activities in 2010 and 2011 and there can be no assurance that we will not experience net cash outflows for the year ending December 31, 2013, or in future periods.
- We maintain a substantial level of indebtedness. 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 adversely affected.

DEFINITIONS

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

“affiliate”	person or entity directly or indirectly controlled by, or under the direct or indirect common control of, one person or entity
“Articles of Association” or “Articles”	our articles of association, conditionally approved and adopted on May 27, 2013 and to become effective on [●], as amended, supplemented or otherwise modified from time to time
“Baoshan Wuzhou”	Baoshan Wuzhou International Plaza Co., Ltd.* (保山五洲國際廣場有限公司), a company established in the PRC with limited liability on January 9, 2013. Baoshan Wuzhou is owned by Dali Wuzhou as to 80%
“Best Ring”	Best Ring Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on July 16, 2012. Best Ring is wholly owned by Li Feng, our senior management
“Board of Directors” or “Board”	our board of Directors
“Boom Win”	Boom Win Holdings Limited (盛凱控股有限公司), a company incorporated in the British Virgin Islands with limited liability on April 18, 2006. Boom Win is owned by Shu Cecheng as to 60% and Shu Cewan as to 40%
“Business Day”	a day that is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate
“Cayman Islands Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“certificate of completion”	construction project inspection and examination certificate (竣工驗收備案表／合格證) issued by local construction committees or equivalent authorities with respect to the completion of property projects subsequent to their on-site examination and inspection
“Changchun Wuzhou”	Changchun Wuzhou Property Development Co., Ltd.* (長春市五洲房地產開發有限公司), a company established in the PRC with limited liability on February 22, 2013. Changchun Wuzhou is an indirectly wholly owned subsidiary of our Company
“China” or “PRC”	the People’s Republic of China and, except where the context requires, geographical or statistical references in this document to China or the PRC exclude Hong Kong, Macau and Taiwan
“Circular 698”	the Notice on Strengthening the Administration of Enterprises Income Tax on Income From Transfers of Equity Interests by

DEFINITIONS

	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 PRC State Administration of Tax on December 10, 2009
“CMBC Facility”	a term loan facility of up to HK\$150 million offered by China Minsheng Banking Corp., Ltd. Hong Kong Branch to Hong Kong Wuzhou pursuant to an agreement dated December 13, 2012 entered into between China Minsheng Banking Corp., Ltd. Hong Kong Branch and Hong Kong Wuzhou
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“construction land planning permit(s)”	construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“construction work commencement permit”	construction work commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China
“construction work planning permit(s)”	construction work planning permit (建設工程規劃許可證), issued by local urban zoning and planning bureaus or equivalent authorities in China
“Controlling Shareholder(s)”	the controlling shareholders of our Company namely, Boom Win, Shu Cecheng and Mr. Shu Cewan
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Dali Marketing Development”	Dali Wuzhou International Commercial Property Planning Co., Ltd.* (大理五洲國際商業地產策劃有限公司), a company established in the PRC with limited liability on July 22, 2011. Dali Marketing Development is a directly wholly owned subsidiary of International Marketing Development
“Dali Wuzhou”	Dali Wuzhou International Commercial City Co., Ltd.* (大理五洲國際商貿城有限公司), a company established in the PRC with limited liability on August 27, 2010. Dali Wuzhou is an indirectly wholly owned subsidiary of our Company
“Dali Wuzhou Property Management”	Dali Wuzhou International Property Management Co., Ltd.* (大理五洲國際物業管理有限公司), formerly known as Dali Wuzhou International Commercial Operation Co., Ltd.* (大理五洲國際商業運營有限公司), a company established in the PRC with limited liability on June 19, 2012. Dali Wuzhou Property Management is an indirectly wholly owned subsidiary of our Company
“Daoxiang”	Shanghai Daoxiang Construction Co., Ltd. (上海道餉建築工程有限公司)
“Director(s)”	our director(s)

DEFINITIONS

“Dream Chaser”	Dream Chaser Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on May 31, 2012. Dream Chaser is wholly owned by Shu Ceyuan, our executive Director
“Easy Cloud”	Easy Cloud Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on July 23, 2012. Easy Cloud is wholly owned by Shen Xin, our senior management
“EIT”	enterprise income tax (企業所得稅) as defined in the Enterprise Income Tax Law of the PRC, as described in Appendix IV to this document
“EIT Law”	the Enterprise Income Tax Law of the PRC adopted by the PRC National People’s Congress on March 16, 2007, which became effective on January 1, 2008
“GDP”	gross domestic product
“GFA”	gross floor area
“Hangzhou Longan”	Hangzhou Longan Property Co., Ltd.* (杭州龍安置業有限公司), a company established in the PRC with limited liability on November 23, 2009. Hangzhou Longan is an indirectly wholly owned subsidiary of our Company
“Heilongjiang Wuzhou”	Heilongjiang Wuzhou International Commercial Exposition City Co., Ltd.* (黑龍江五洲國際商貿博覽城有限公司), a company established in the PRC with limited liability on July 23, 2012. Heilongjiang Wuzhou is an indirectly wholly owned subsidiary of our Company
“HK\$” or “H.K. dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Hong Kong Wuzhou”	Hong Kong Wuzhou International Group Limited (香港五洲國際集團有限公司), formerly known as Wuzhou International Development Limited (五洲國際發展有限公司), a company incorporated in Hong Kong with limited liability on May 6, 2010. Hong Kong Wuzhou is an indirectly wholly owned subsidiary of our Company
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRSs”	International Financial Reporting Standards, as issued by the IASB
“Imperator Holdings”	Imperator Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on July 5, 2012. Imperator Holdings is wholly owned by Shu Cezhang, our senior management

DEFINITIONS

“Implementation Regulations”	the Implementation Regulations of the EIT Law issued by the State Council on December 6, 2007, which became effective on January 1, 2008
“independent third party(ies)”	an individual(s) or a company(ies) who is (are) not considered a connected person(s) of our Company
“International Marketing Development”	Wuxi Wuzhou International Commercial Property Planning Co., Ltd.* (無錫五洲國際商業地產策劃有限公司), a company established in the PRC with limited liability on September 10, 2009. International Marketing Development is owned by Wuzhou Business Operation as to 51%
“Jiangsu Wuzhou”	Jiangsu Wuzhou International Business Development Co., Ltd.* (江蘇五洲國際商業發展有限公司), a company established in the PRC with limited liability on July 11, 2012. Jiangsu Wuzhou is an indirectly wholly owned subsidiary of our Company
“Jiangyin Wuzhou”	Jiangyin Wuzhou Property Co., Ltd.* (江陰五洲置業有限公司), a company established in the PRC with limited liability on January 17, 2012. Jiangyin Wuzhou is owned by Wuxi Wuzhou Ornament City as to 90% and an indirectly non-wholly owned subsidiary of our Company
“Jianhu Marketing Development”	Jianhu Wuzhou International Business Operation Co., Ltd.* (建湖五洲國際商業運營有限公司), a company established in the PRC with limited liability on January 13, 2012. Jianhu Marketing Development is an indirectly wholly owned subsidiary of our Company
“Jianhu Wuzhou”	Jianhu Wuzhou International Property Co., Ltd.* (建湖五洲國際置業有限公司), a company established in the PRC with limited liability on August 31, 2011. Jianhu Wuzhou is an indirectly wholly owned subsidiary of our Company
“Jilin Wuzhou”	Jilin Wuzhou International Commercial City Co., Ltd.* (吉林市五洲國際商貿城有限公司), a company established in the PRC with limited liability on August 10, 2012. Jilin Wuzhou is an indirectly wholly owned subsidiary of our Company
“Jilin Wuzhou Real Estate”	Jilin Wuzhou International Real Estate Development Co., Ltd. * (吉林市五洲國際房地產開發有限公司), a company established in the PRC with limited liability on May 8, 2013. Jilin Wuzhou Real Estate is an indirectly wholly owned subsidiary of our Company
“Jiujiang Meijite Credit”	Jiujiang Lushan Meijite Small-credit Co., Ltd.* (九江市廬山區美吉特小額貸款股份有限公司), a company established in the PRC with liability limited by shares on May 14, 2010. Jiujiang Meijite Credit is owned by Wuxi Zhongnan as to 10%
“land use rights grant contract”	state-owned land use rights grant contract (國有土地使用權出讓合同) entered into between a developer and the relevant PRC government land administrative authorities, typically the local state-owned land bureaus

DEFINITIONS

“land use rights certificate”	state-owned land use rights certificate (土地使用權證) issued by a local real estate and land resources bureau with respect to the land use rights
“LAT”	land appreciation tax (土地增值稅) as defined in the PRC Provisional Regulations on Land Appreciation Tax of 1994 and its implementation rules, as described in Appendix IV to this document
“Latest Practicable Date”	May 21, 2013, being the latest practicable date for ascertaining certain information in this document prior to its publication
“Leling Commercial Property”	Leling Wuzhou International Commercial Property Management Co., Ltd.* (樂陵五洲國際商業物業管理有限公司), a company established in the PRC with limited liability on January 22, 2013. Leling Commercial Property is an indirectly wholly owned subsidiary of our Company
“Leling Wuzhou”	Shandong Wuzhou International Home Exposition City Co., Ltd.* (山東五洲國際家居博覽城有限公司), a company established in the PRC with limited liability on March 28, 2011. Leling Wuzhou is owned by Wuxi Wuzhou Ornament City as to 51%
“Liuzhou Longxiang”	Liuzhou Longxiang Property Co., Ltd.* (柳州龍翔置業有限公司), a company established in the PRC with limited liability on October 26, 2011. Liuzhou Longxiang was de-registered on August 28, 2012
“Longan Management”	Wuxi Chonganxincheng Longan Commercial Property Management Co., Ltd.* (無錫市崇安新城龍安商業物業經營管理有限公司), formerly known as Wuxi Chonganxincheng Longan Management Co., Ltd.* (無錫市崇安新城龍安經營管理有限公司), a company established in the PRC with limited liability on October 24, 2008. Longan Management is a directly wholly owned subsidiary of Wuxi Longan
“Longkou Property Management”	Longkou Wuzhou International Property Management Co., Ltd.* (龍口市五洲國際物業管理有限公司), a company established in the PRC with limited liability on January 10, 2013. Longkou Property Management is an indirectly wholly owned subsidiary of our Company
“Longkou Wuzhou”	Longkou Wuzhou International Commercial City Co., Ltd.* (龍口五洲國際商貿城有限公司), a company established in the PRC with limited liability on November 10, 2011. Longkou Wuzhou is owned by Wuxi Wuzhou Ornament City as to 95%
“Longqian Marketing Development”	Wuxi Longqian Property Management Co., Ltd.* (無錫市龍乾物業管理有限公司), formerly known as Wuxi Longqian Operation Management Co., Ltd.* (無錫市龍乾經營管理有限公司), a company established in the PRC with limited liability on February 24, 2012. Longqian Marketing Development is an indirectly wholly owned subsidiary of our Company

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“Longshen Marketing Development”	Wuxi Liulongcheng Commercial Management Co., Ltd.* (無錫六龍城商業管理有限公司), a company established in the PRC with limited liability on January 10, 2012. Longshen Marketing Development is an indirectly wholly owned subsidiary of our Company
“Longteng Marketing Development”	Wuxi Longteng Management Co., Ltd.* (無錫市新龍騰經營管理有限公司), a company established in the PRC with limited liability on February 14, 2012. Longteng Marketing Development is a directly wholly owned subsidiary of Wuxi Longteng
“Luoyang Wuzhou”	Luoyang Wuzhou International Industrial Exposition City Co., Ltd.* (洛陽五洲國際工業博覽城有限公司), a company established in the PRC with limited liability on January 31, 2013. Luoyang Wuzhou is owned by Wuxi Zhongnan as to 51%
“Mastery Ventures”	Mastery Ventures Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on July 9, 2012. Mastery Ventures is wholly owned by Zhao Lidong, our executive Director
“Meicun Marketing Development”	Wuxi Meicun Wuzhou International Commercial Property Management Co., Ltd.* (無錫梅村五洲國際商業物業管理有限公司), a company established in the PRC with limited liability on June 4, 2012. Meicun Marketing Development is an indirectly wholly owned subsidiary of our Company
“Memorandum and Articles of Association”	our memorandum of association and our Articles, conditionally approved and adopted on May 27, 2013 and to become effective on the [●] as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	PRC Ministry of Finance (中華人民共和國財政部)
“Ministry of Land and Resources”	PRC Ministry of Land and Resources (中華人民共和國國土資源部)
“MOFCOM”	PRC Ministry of Commerce (中華人民共和國商務部)
“MOHURD”	PRC Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) or its predecessor, PRC Ministry of Construction (中華人民共和國建設部)
“MOUs”	memorandum of understanding
“Multi-functional Commercial Complex(es)”	real estate development project(s) which has an integration or combination of at least three of the following functions: retail, office, residential, hotel, recreation and other functions, with an aggregate area exceeding 100,000 sq.m.
“Nantong Commercial Investment”	Nantong Wuzhou Commercial Investment Co., Ltd.* (南通五洲商業投資有限公司), a company established in the PRC with limited liability on January 10, 2013. Nantong Commercial Investment is owned by Wuxi Zhongnan as to 75%

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“Nantong Commercial Operation”	Nantong Wuzhou International Commercial Operation Management Co., Ltd.* (南通五洲國際商業運營管理有限公司), a company established in the PRC with limited liability on January 16, 2013. Nantong Commercial Operation is an indirectly wholly owned subsidiary of our Company
“Nantong Wuzhou”	Nantong Wuzhou International Investment Co., Ltd.* (南通五洲國際投資有限公司), formerly known as Nantong Jiaju Investment Co., Ltd.* (南通嘉居投資有限公司), a company established in the PRC with limited liability on January 21, 2010. Nantong Wuzhou is owned by Wuxi Wuzhou Ornament City as to 51%
“National Bureau of Statistics”	National Bureau of Statistics of China (中華人民共和國國家統計局)
“NDRC”	PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“NPC” or “National People’s Congress”	PRC National People’s Congress (中華人民共和國全國人民代表大會) and its Standing Committee
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of China
“PBOC Rate”	the exchange rate for foreign exchange transactions published daily by the PBOC
“PRC Company Law”	PRC Company Law (中華人民共和國公司法), as enacted by the NPC on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“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
“pre-sale permit”	commodity property pre-sale permit (商品房預售許可證) issued by local housing and building administrative bureaus or equivalent authorities with respect to pre-sale of the relevant properties
“property ownership certificate”	property ownership certificate (房屋所有權證) issued by relevant PRC government authorities with respect to the ownership rights of buildings
“Property Valuation Report”	property valuation report prepared by Savills, independent property valuer, and included as Appendix III to this document
“Qidong Wuzhou”	Qidong Wuzhou Property Co., Ltd.* (啓東五洲置業有限公司), a company established in the PRC with limited liability on August 15, 2012. Qidong Wuzhou is an indirectly wholly owned subsidiary of our Company

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“Reorganization”	the reorganization of our assets and liabilities, including assets and liabilities of our subsidiaries and associated companies, as described in the section headed “History and Reorganization — Reorganization”
“River Delta”	River Delta International Limited, a company incorporated in the British Virgin Islands with limited liability on July 12, 2012. River Delta is wholly owned by Zhu Aiming, our senior management
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of China
“Rongchang Wuzhou”	Rongchang Wuzhou Hardware Ornament City Co., Ltd.* (榮昌縣五洲五金裝飾城有限公司), a company established in the PRC with limited liability on September 20, 2010. Rongchang Wuzhou is owned by Wuxi Wuzhou Ornament City as to 94%
“Rongchang Wuzhou Property Management”	Rongchang Wuzhou Property Management Co., Ltd.* (榮昌縣五洲物業管理有限公司), a company established in the PRC with limited liability on July 2, 2012. Rongchang Wuzhou Property Management is an indirectly wholly owned subsidiary of our Company
“SAFE”	PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局)
“SAIC”	PRC State Administration for Industry and Commerce (中華人民共和國國家工商行政管理總局)
“Savills”	Savills Valuation and Professional Services Limited, an international property services group, offering advice on commercial, retail, residential, leisure and other property matters with offices and associates in major cities throughout the world
“Senior Management SPV”	comprises seven companies incorporated in the British Virgin Islands, including Dream Chaser, Mastery Ventures, Starry Horizon, Easy Cloud, Best Ring, Emperor Holdings and River Delta
“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 Wuce”	Shanghai Wuce Property Consulting Co., Ltd.* (上海五策房地產諮詢有限公司), a company established in the PRC with limited liability on November 26, 2012. Shanghai Wuce is a directly wholly owned subsidiary of International Marketing Development
“Share Option Scheme”	the share option scheme conditionally adopted by the written resolutions of the shareholders of our Company passed on May 27, 2013, the principal terms of which are summarized in

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	the section headed “E. Share Option Scheme” in Appendix VII to this document
“Share(s)”	ordinary share(s) in our capital with a nominal or par value of US\$0.01 each
“Shareholder(s)”	holder(s) of our Shares
“Shenyang Wuzhou”	Shenyang Wuzhou International Industrial Exposition City Property Co., Ltd.* (瀋陽五洲國際工業博覽城置業有限公司), formerly known as Shenyang Wuzhou International Industrial Exposition City Co., Ltd.* (瀋陽五洲國際工業博覽城有限公司), a company established in the PRC with limited liability on October 13, 2011. Shenyang Wuzhou is an indirectly wholly owned subsidiary of our Company
“Shenzhen Five Continents”	Shenzhen Five Continents Investment Co. Ltd.* (深圳市五大洲投資發展有限公司), a company established in the PRC with limited liability on August 30, 2007. Shenzhen Five Continents is owned by Xi Wenguan (席文官) as to 25%, Sun Xudong (孫旭東) as to 22.917%, our executive Director Shu Cecheng as to 25%, Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. (深圳市僑城假日投資發展有限公司) as to 27.083%. Xi Wenguan is a director of Wuxi Longteng and Wuxi Longan while Sun Xudong is a director of Wuxi Longsheng, Longan Management, Wuxi Longteng, Longteng Marketing Development and Wuxi Longan
“Sheyang Commercial Plaza”	Sheyang Wuzhou International Commercial Plaza Management Co., Ltd.* (射陽五洲國際商業廣場管理有限公司), a company established in the PRC with limited liability on January 24, 2013. Sheyang Commercial Plaza is an indirectly wholly owned subsidiary of our Company
“Sheyang Wuzhou”	Sheyang Wuzhou International Property Co., Ltd.* (射陽五洲國際置業有限公司), a company established in the PRC with limited liability on May 9, 2012. Sheyang Wuzhou is an indirectly wholly owned subsidiary of our Company
“Specialized Wholesale Market(s)”	as classified by the National Bureau of Statistics as to the specific product groups these specialized wholesale market(s) carried: clothing, shoes and headgears; food, beverage and tobacco; metal; building materials; pharmaceuticals and medical equipment; furniture; and small commodities
“sq.km.”	square kilometer
“sq.m.”	square meter
“Starry Horizon”	Starry Horizon Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on July 5, 2012. Starry Horizon is wholly owned by Wu Xiaowu, our executive Director

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“State Administration of Taxation”	State Administration of Taxation of China (中華人民共和國國家稅務總局)
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“tender-auction-listing”	public tender, auction and listing-for-sale, procedures as required by the PRC rules for the grant of state-owned land use rights
“Track Record Period”	the three years ended December 31, 2010, 2011 and 2012
“United States” or “U.S.”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“urbanization rate”	the proportion of urban or non-agricultural population to the total population within a specific geographic region
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Wanxiang Marketing Development”	Wuxi Wanxiang Commercial Property Operation Co., Ltd.* (無錫萬翔商業物業運營有限公司), formerly known as Wuxi Wanxiang Commercial Operation Co., Ltd.* (無錫萬翔商業運營有限公司), a company established in the PRC with limited liability on August 25, 2011. Wanxiang Marketing Development is an indirectly wholly owned subsidiary of our Company, with its interests owned by Wuxi Property Investment as to 10% and Wuzhou Business Operation as to 90%
“we”, “us”, “our”, “our Company” or “our Group”	Wuzhou International Holdings Limited (五洲國際控股有限公司), a company incorporated in the Cayman Islands on June 22, 2010 and, unless the context otherwise requires, all of its subsidiaries, or, where the context refers to any time prior to its incorporation, the businesses which the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by such subsidiaries pursuant to the Reorganization in connection with the [●]
“Wuxi Bonan”	Wuxi Bonan Property Co., Ltd.* (無錫市博南置業有限公司), a company established in the PRC with limited liability on December 29, 2009. Wuxi Bonan is owned by Wuxi Zhongnan as to 20%
“Wuxi Business Management”	Wuxi Wuzhou Commercial Management Co., Ltd.* (無錫五洲商業管理有限公司), a company established in the PRC with limited liability on January 5, 2006. Wuxi Business Management is an indirectly wholly owned subsidiary of our Company
“Wuxi Corporation Management”	Wuxi Wuzhou International Corporation Management Co., Ltd.* (無錫五洲國際企業管理有限公司), a company established in the PRC with limited liability on March 21, 2012. Wuxi

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	Corporation Management is owned by Wuzhou Business Operation as to 51%
“Wuxi International Property”	Wuxi Wuzhou International Property Co., Ltd.* (無錫五洲國際置業有限公司), a company established in the PRC with limited liability on March 31, 2010. Wuxi International Property is owned by Wuxi Wuzhou Ornament City as to 90%
“Wuxi Longan”	Wuxi Chonganxincheng Longan Property Co., Ltd.* (無錫市崇安新城龍安置業有限公司), a company established in the PRC with limited liability on March 6, 2007. Wuxi Longan is owned by Wuxi Wuzhou Ornament City as to 64.3%
“Wuxi Longan Decoration”	Wuxi Chonganxincheng Longan Ornament and Decoration Co., Ltd.* (無錫市崇安新城龍安裝飾裝潢有限公司), a company established in the PRC with limited liability on October 24, 2008. Wuxi Longan Decoration is no longer part of our Group since November 14, 2012
“Wuxi Longhe”	Wuxi Chonganxincheng Longhe Property Co., Ltd.* (無錫市崇安新城龍和置業有限公司), formerly known as Wuxi Chonganxincheng Longhe Investment Co., Ltd.* (無錫市崇安新城龍和投資有限公司), a company established in the PRC with limited liability on September 28, 2009. Wuxi Longhe is owned by Wuxi Longxiang and Wuxi Longan as to 20% and 5% respectively
“Wuxi Longsheng”	Wuxi Wuzhou Longsheng Commercial Co., Ltd.* (無錫五洲龍盛商業有限公司), a company established in the PRC with limited liability on April 19, 2011. Wuxi Longsheng is an indirectly wholly owned subsidiary of our Company
“Wuxi Longteng”	Wuxi Longteng Commercial Investment & Development Co., Ltd.* (無錫市龍騰商業投資發展有限公司), a company established in the PRC with limited liability on December 22, 2010. Wuxi Longteng is owned by Wuxi Wuzhou Ornament City as to 59%
“Wuxi Longxiang”	Wuxi Longxiang Investment Co., Ltd.* (無錫市龍祥投資有限公司), a company established in the PRC with limited liability on April 30, 2009. Wuxi Longxiang is owned by Wuxi Wuzhou Ornament City as to 51%
“Wuxi Property”	Wuxi Wuzhou Property Co., Ltd.* (無錫五洲地產有限公司), a company established in the PRC with limited liability on January 9, 2013. Wuxi Property is owned by Wuxi Zhongnan as to 80%
“Wuxi Property Investment”	Wuxi Wuzhou Commercial Investment Co., Ltd.* (無錫五洲商業投資有限公司), a company established in the PRC with limited liability on March 3, 2011. Wuxi Property Investment is an indirectly wholly owned subsidiary of our Company
“Wuxi Small Credit”	Wuxi Small-credit Huishan Wuzhou Village Small Loans Co. Ltd.* (無錫市惠山區五洲農村小額貸款有限公司), a company

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	established in the PRC with limited liability on June 23, 2010. Wuxi Small Credit is no longer part of our Group since March 1, 2012
“Wuxi Wuzhou Investment”	Wuxi Wuzhou Investment Co. Ltd.* (無錫五洲投資有限公司), a company established in the PRC with limited liability on April 16, 2008. Wuxi Wuzhou Investment is owned by Shu Cecheng and Shu Cewan as to 60% and 40% respectively
“Wuxi Wuzhou Ornament City”	Wuxi Wuzhou Ornament City Co., Ltd.* (無錫五洲國際裝飾城有限公司), a company established in the PRC with limited liability on February 1, 2005. Wuxi Wuzhou Ornament City is an indirectly wholly owned subsidiary of our Company
“Wuxi Zhongnan”	Wuxi Zhongnan Property Investment Co., Ltd.* (無錫中南置業投資有限公司), a company established in the PRC with limited liability on December 24, 2004. Wuxi Zhongnan is an indirectly wholly owned subsidiary of our Company
“Wuzhou Business Operation”	Wuxi Wuzhou Business Operation Co., Ltd.* (無錫五洲國際商業運營有限公司), formerly known as Wuxi Wuzhou International Industrial Exposition City Management Co., Ltd.* (無錫五洲國際工業博覽城管理有限公司), a company established in the PRC with limited liability on July 18, 2008. Wuzhou Business Operation is an indirectly wholly owned subsidiary of our Company
“Wuzhou Columbus Sheyang”	Wuzhou Columbus (Sheyang) Property Co., Ltd.* (五洲哥倫布（射陽）置業有限公司), a company established in the PRC with limited liability on August 7, 2012. Wuzhou Columbus Sheyang is an indirectly wholly owned subsidiary of our Company, with its interests owned by Wuxi Zhongnan and Yancheng Wuzhou as to 51% and 49% respectively
“Wuzhou International Group”	Wuzhou International Group Limited (五洲國際集團有限公司), a company incorporated in the British Virgin Islands with limited liability on April 27, 2010. Wuzhou International Group is wholly owned by Shu Cecheng, our executive Director
“Wuzhou International Investment”	Wuzhou International Investment Limited (五洲國際投資有限公司), a company incorporated in the British Virgin Islands with limited liability on April 27, 2010. Wuzhou International Investment is a wholly owned subsidiary of our Company
“Wuzhou Int’l Group Investment”	Wu Zhou Int’l Group Investment (HK) Co., Limited (香港五洲國際集團投資有限公司), formerly known as Hong Kong Wuzhou Group Investment Co., Limited* (香港五洲集團投資有限公司), a company incorporated in Hong Kong with limited liability on November 23, 2005. Wuzhou Int’l Group Investment is wholly owned by Shu Cecheng
“Xiangyang Property Management”	Xiangyang Wuzhou International Commercial Property Management Co., Ltd.* (襄陽五洲國際商業物業管理有限公司), a company established in the PRC with limited liability on

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	September 27, 2012. Xiangyang Property Management is an indirectly wholly owned subsidiary of our Company
“Xiangyang Wuzhou”	Xiangyang Wuzhou International Commercial City Co., Ltd.* (襄陽五洲國際商貿城有限公司), a company established in the PRC with limited liability on September 13, 2011. Xiangyang Wuzhou is an indirectly wholly owned subsidiary of our Company
“Xuyi Marketing Development”	Xuyi Wuzhou International Commercial Property Servicing Co., Ltd.* (盱眙五洲國際商業物業服務有限公司), formerly known as Xuyi Wuzhou International Commercial Operation Co., Ltd.* (盱眙五洲國際商業運營有限公司), a company established in the PRC with limited liability on June 1, 2012. Xuyi Marketing Development is an indirectly wholly owned subsidiary of our Company
“Xuyi Wuzhou”	Xuyi Wuzhou International Property Co., Ltd.* (盱眙五洲國際置業有限公司), a company established in the PRC with limited liability on April 19, 2010. Xuyi Wuzhou is an indirectly wholly owned subsidiary of our Company
“Yancheng Marketing Development”	Yancheng Wuzhou Commercial Operation Management Co., Ltd.* (鹽城五洲商業運營管理有限公司), a company established in the PRC with limited liability on May 29, 2012. Yancheng Marketing Development is an indirectly wholly owned subsidiary of our Company
“Yancheng Wuzhou”	Yancheng Wuzhou Property Co., Ltd.* (鹽城五洲置業有限公司), a company established in the PRC with limited liability on December 30, 2009. Yancheng Wuzhou is an indirectly wholly owned subsidiary of our Company
“Yangtze River Delta Area”	areas generally comprise Shanghai Municipality; Nanjing, Suzhou, Wuxi, Changzhou, Zhenjiang, Nantong, Yangzhou and Taizhou in Jiangsu Province; and Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan and Taizhou in Zhejiang Province, or 16 cities in aggregate
“Yantai Business Operation”	Yantai Wuzhou International Business Operation Co., Ltd.* (煙台五洲國際商業運營有限公司), a company established in the PRC with limited liability on December 20, 2012. Yantai Business Operation is an indirectly wholly owned subsidiary of our Company
“Yantai Wuzhou”	Yantai Wuzhou International Commodity Exposition City Co., Ltd.* (煙台五洲國際商品博覽城有限公司), a company established in the PRC with limited liability on May 5, 2011. Yantai Wuzhou is owned by Wuxi Wuzhou Ornament City as to 95%
“Yantai Wuzhou Property”	Yantai Wuzhou Property Co., Ltd.* (煙台五洲置業有限公司), a company established in the PRC with limited liability on July 24, 2012. Yantai Wuzhou Property is owned by Wuxi Zhongnan as to 95%

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“Yixing Wuzhou”	Yixing Wuzhou Property Co., Ltd.* (宜興五洲置業有限公司), a company established in the PRC with limited liability on January 17, 2012. Yixing Wuzhou is an indirectly wholly owned subsidiary of our Company
“Zhejiang Merchant Union”	Zhejiang Merchant Union Investment Co., Ltd.* (浙江浙商聯盟市場投資有限公司), a company established in the PRC with limited liability on May 5, 2010. Zhejiang Merchant Union is owned by Wuxi Wuzhou Investment as to approximately 19%, Zhejiang Merchant Union Investment Management Co., Ltd. (浙江浙商聯盟市場投資管理有限公司) as to approximately 3%, Zhejiang Jingcheng Group Co., Ltd. (浙江精誠集團有限公司) as to approximately 14%, Zhejiang Land Investment Consultant Co., Ltd. (浙江實地投資諮詢有限公司) as to approximately 1%, Zhejiang Zhongjue Industrial Co., Ltd. (浙江中爵實業有限公司) as to approximately 14%, Xie Bairong (謝佰榮), Zhu Baoguo (竺保國) and Jin Weihai (金位海) each as to approximately 3%, Mei Biyong (梅必永) and Huang Guangxing (黃光星) each as to approximately 4%, Zheng Xiaohua (鄭小華) as to approximately 18% and Gao Zhengrong (高正榮) as to approximately 14%
“Zibo Wuzhou”	Shandong Wuzhou Commercial Operation Management Co., Ltd.* (山東五洲國際商業運營有限公司), formerly known as Shangdong Wuzhou International Property Co., Ltd.* (山東五洲國際置業有限公司), a company established in the PRC with limited liability on January 16, 2012. Zibo Wuzhou is an indirectly wholly owned subsidiary of our Company

Unless the context otherwise requires, references to “2010”, “2011” and “2012” in this document are years ended December 31, 2010, 2011 and 2012, respectively.

* denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.

RISK FACTORS

RISKS RELATING TO OUR BUSINESS

We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects.

As of February 28, 2013, we had completed eight project phases, including four specialized wholesale markets, Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Dali Wuzhou International Trade City and Rongchang Wuzhou Hardware Ornamental City, and four multi-functional commercial complexes, Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Chinese Food Culture Exposition City, Meicun Wuzhou International Plaza and Yangjian Wuzhou International Plaza, six of which were situated in Wuxi, Jiangsu Province, China. We have 12 projects (including 19 project phases) in the Yangtze River Delta Area. We intend to expand our business by developing and operating specialized wholesale markets and multi-functional commercial complexes in new geographical areas. For details of these projects, please refer to the section headed "Business — Our Projects".

We may not be able to identify geographic locations with sufficient growth potential to expand our market reach. In addition, our designs, constructions, sales and operations in other regions may yield different results than those experienced in our existing projects in Wuxi and the Yangtze River Delta Area. When we enter into new markets, we are likely to face intense competition from other real estate developers with more resources, such as greater industry experience, more established businesses or stronger reputations. Furthermore, expanding our business will require a significant commitment of capital resources, and will impose substantial demands on our managerial, operational and other resources. We may not be able to address all problems that may occur during our expansion and any failure to do so may render us unable to develop our projects as planned, which may in turn have a material and adverse effect on our business, financial condition and results of operations.

We experienced rapid growth in the Track Record Period. For example, the carrying amount of our properties under development was RMB1,555.1 million, RMB3,098.8 million and RMB4,307.8 million as of December 31, 2010, 2011 and 2012, respectively. A significant increase in our business operations will require expansion of our operational, financial and workforce capabilities, which we may not be able to achieve on a timely basis. In addition, we are also operating a department store and plan to develop and operate a hotel at our projects. Expanding into new business segments involves uncertainties and challenges due to our unfamiliarity with new business segments in relation to regulatory practices and customs, customer preferences and behavior, business practices and competitive environments. A significant increase in our business operations and an expansion of our business segments will require expansion of our operational, financial and workforce capabilities. We may also face considerable reputational risks if our business is mismanaged or does not meet the expectations of our customers and tenants. In addition, the growth in our business and expansion into new business segments could also place a significant strain on our management and other resources. We cannot assure you that our management will be able to effectively manage this growth. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to identify suitable sites or obtain the land use rights for our development projects at reasonable prices, or at all.

Our ability to generate sustainable revenue and growth for our business depends partially on our ability to continuously identify suitable sites for future development projects and obtain the land use rights at reasonable prices. There is a limited supply of suitable sites available for development in Wuxi, the Yangtze River Delta Area and other regions in China into which we plan to expand, and the costs of acquiring land use rights in many such cities have increased in recent years. We also face strong competition from other developers for sites that we may target. We cannot assure you that we

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will be able to successfully obtain any or all of the land use rights for projects planned for future development on favorable terms, or at all.

The PRC government controls substantially all the supply of land in China available for development, and regulates various aspects of the process through which land is acquired and developed. Thus the PRC government’s land policies have a direct impact on our ability to acquire land use rights for development and our land acquisition costs. In recent years, the PRC national and local governments have implemented various measures to regulate the means by which property developers obtain land use rights for property development. The PRC government also controls land supply through zoning, land usage regulations and other means. The various PRC regulatory measures have further intensified the competition for land in China among property developers. Our ability to identify and acquire suitable land is subject to a number of factors, some of which are beyond our control. For additional information on the regulatory procedures and restrictions on land acquisition in the PRC, please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix V to this document.

We may, from time to time, pay deposits or advance payments pursuant to certain memoranda of understanding and other arrangements in an attempt to acquire land. Such arrangements do not constitute land use rights grant contracts. If a land acquisition fails to materialize, we are generally entitled to a refund of our advance payments or deposits pursuant to these memoranda of understanding and arrangements. However, the timeframe and method for the refund are not specified, and there is no mechanism in place to ensure that the refund will be made on a timely basis. If there is any delay in refunding our deposits or advance payments, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to acquire land use rights for sites suitable for development in a timely manner, at acceptable prices or at all, or if further changes in government policies with regard to land supply and development lead to increases in our costs of acquiring land use rights, our competitive position, business strategies, prospects and performance may be materially and adversely affected.

Our business and revenue growth depend on favorable economic conditions in China, especially in the Yangtze River Delta Area, where a substantial portion of our operations is located.

Our business and revenue growth depend substantially on favorable economic conditions and the manufacturing, wholesale and retail industries in China, especially in the Yangtze River Delta Area, where a substantial portion of our operations is located and a substantial portion of our growth is expected to occur. We are also especially sensitive to changes in the economic conditions, consumer confidence, consumer spending and customer preferences of the urban Chinese population. Other factors beyond our control that may affect consumer confidence in our geographic markets and, in turn, demand for our properties include unemployment rates, levels of personal disposable income and national, regional or local economic conditions.

The global financial crisis that started in 2008 has adversely affected the world economies and the growth of China’s overall economy. In particular, the financial crisis has had a negative impact on the activities and exports of manufacturers, including our principal tenants and other suppliers of industrial materials. Our current and potential tenants and purchasers may continue to be affected by the economic crisis and, as a result, may not be able to sustain their business operations or make the rental or purchase payments for our properties.

Changes in economic conditions in China, especially in the Yangtze River Delta Area, may weaken demand for our properties, which may, in turn, have a material and adverse effect on our business, financial condition and results of operations.

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The change in the fair value of our investment properties may have a significant impact on our results of operations.

We are required to reassess the fair value of our investment properties at every reporting date for which we issue financial statements. Under IFRSs, gains or losses arising from changes in the fair value of our investment properties are included in our income statements in the period in which they arise. You should note that the fair value gains or losses in our investment properties do not, however, change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. In 2010, 2011 and 2012, we had fair value gains on our investment properties of RMB37.7 million, RMB233.2 million and RMB577.5 million, respectively. In 2010, 2011 and 2012, the fair value gains on our investment properties represented 9.1%, 36.0% and 45.7%, respectively, of our profit before tax. The amount of revaluation adjustments has been, and continues to be, subject to market fluctuations. We cannot assure you that changes in market conditions will continue to create fair value gains on our investment properties at the previous levels or at all, or that the fair value of our investment properties will not decrease in the future. For the key assumptions (including market rental rates and capitalization rates) in the valuation of our investment properties, a downward change in market rental rates or an upward change in capitalization rates will have an adverse effect on the market value of our investment properties. In addition, the fair value of our investment properties may materially differ from the amount we will receive in actual sales of the investment properties. Any significant decreases in the amount we receive in actual sales of our investment properties would materially and adversely impact our results of operations.

Our financing costs are subject to changes in interest rates.

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from banks, as well as from trust institutions. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because all 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 on our bank loans and other borrowings ranged from 5.67% to 7.04% per annum, 6.75% to 16.00% per annum, 6.55% to 16.80% per annum and 5.10% to 16.80% per annum in 2010, 2011, 2012 and the three months ended March 31, 2013, respectively. The interest on our bank loans and other borrowings was RMB13.0 million, RMB81.3 million, and RMB169.8 million in 2010, 2011 and 2012, respectively. Most of the interest costs incurred were capitalized. Our Directors have confirmed that the increase in the effective interest rates on our bank loans and other payables from 2010 to 2011 was primarily driven by the increases in the PBOC benchmark rates, the tightened credit policies imposed by banks towards PRC property developers and higher interest rates on the loans we entered into with trust institutions, which did not exist in 2010. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

We experienced net cash outflows from operating activities in 2010 and 2011.

We experienced net cash outflows from operating activities in 2010 and 2011. We recorded net cash outflows from operating activities of RMB318.3 million and RMB734.2 million in 2010 and 2011, respectively. A negative operating position may impair our ability to make necessary capital expenditures, develop business opportunities or make strategic acquisitions and may require us to obtain sufficient external financing to meet our financial needs and obligations. 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, 2013, or in future periods.

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We maintain a substantial level of indebtedness, 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 RMB322.0 million, RMB1,223.3 million, RMB2,399.6 million and RMB2,647.3 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. Our other borrowings comprising loans from trust institutions amounted to RMB394.0 million, RMB677.6 million and RMB627.6 million as of December 31, 2011 and 2012 and March 31, 2013, respectively. As of March 31, 2013, of our bank loans and other borrowings, RMB768.1 million was repayable within one year and RMB1,879.2 million was repayable beyond one year.

Our capital commitments were RMB545.1 million, RMB544.9 million and RMB1,763.9 million as of December 31, 2010, 2011 and 2012, respectively. As of December 31, 2010, 2011 and 2012, the outstanding guarantees for mortgage loans made by purchasers of our properties were RMB217.9 million, RMB185.9 million and RMB518.6 million, respectively. In addition, we also provided guarantees to banks in connection with banking facilities granted to selected occupiers of our projects who have demonstrated proven operating history and credit worthiness, all of whom are independent third parties. As of December 31, 2010, 2011 and 2012, the outstanding amount of such guarantees were RMB50.0 million, RMB90.0 million and RMB35.0 million, respectively. We provided guarantees to banks in connection with banking facilities granted to Jiujiang Meijite Credit. As of December 31, 2010, 2011 and 2012, the outstanding amount of such guarantees were nil, nil and RMB56.0 million, 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.

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 and trust institutions. 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 or trust institutions will not be subject to enforcement actions, in which case we may lose control and ownership of our subsidiaries and our results of operations and financial condition may be materially and adversely affected.

We may be adversely affected by the performance of third-party contractors.

We employ third-party contractors to carry out various tasks, including design, pile setting, foundation digging, construction, equipment installation, interior and exterior decoration, electromechanical engineering, pipeline engineering and elevator installation services. We cannot guarantee that any such third-party contractor will provide satisfactory services or the required level of quality.

In addition, under 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 are required to 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

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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, the completion of our property developments may be delayed and we may incur additional costs due to a contractor’s financial or operational difficulties. Our contractors may violate our restrictions on sub-contracting or assignment, undertake projects from other developers or engage in risky undertakings or otherwise encounter financial or other difficulties, which may delay the completion of our property projects or otherwise increase our project development costs and risks. Thus, any of these factors could have a negative impact on our reputation, financial position and business operations.

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

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 currently rely on eight projects, six of which are located in Wuxi, for substantially all of our revenue.

We currently rely on eight projects, Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Chinese Food Culture Exposition City, Meicun Wuzhou International Plaza, Yangjian Wuzhou International Plaza, Dali Wuzhou International Trade City and Rongchang Wuzhou Hardware Ornamental City, six of which are located in Wuxi, Jiangsu Province, for substantially all of our revenue. The concentration of our projects in Wuxi renders us highly sensitive to property market downturns, natural disasters and similar or other events in Wuxi.

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 Wuxi, the Yangtze River Delta Area 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. If there are any downturns in the manufacturing, wholesale or retail industries or general economic conditions in Wuxi, the Yangtze River Delta Area or other regions in China, demand for our properties may be materially and adversely affected. In addition, any widespread damage to properties in Wuxi or the Yangtze River Delta Area resulting from natural disasters, civil disorder, pollution, human negligence or other causes may affect some or all of our properties, and materially and adversely affect our business, results of operations and financial condition.

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

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.

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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. In line with industry practice, we do not conduct any independent credit checks on our customers and simply rely on the credit checks conducted by the mortgagee banks.

As of December 31, 2010, 2011 and 2012, the outstanding guarantees for mortgage loans made to purchasers of our properties were RMB217.9 million, RMB185.9 million and RMB518.6 million, respectively. During the Track Record Period, we did not encounter any defaults by purchasers. We cannot assure you that these guarantees are risk-free. If there is any material default and if we are called upon to honor our guarantees, our financial condition and results of operations will be materially and adversely affected.

Investment in real properties is relatively illiquid.

We currently hold a limited portfolio of investment properties, consisting primarily of properties we have developed and decided to retain 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 as investment properties. 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.

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 44.5%, 48.8% and 53.3% in 2010, 2011 and 2012, 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, and the proportion of our specialized wholesale markets and multi-functional commercial complexes. 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. In addition, while we believe our business apartments cater to the demand from occupiers of our projects for conveniently accessible residential properties, they are sold at comparatively lower prices than our other commercial properties, thereby adversely affecting our gross profit margin.

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 and land acquisition costs. Our contractors are responsible for the procurement of our construction materials and

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equipment. However, a number of 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 RMB337.3 million, RMB574.7 million and RMB751.1 million in 2010, 2011 and 2012, 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.

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

During the Track Record Period, we derived substantially all of our revenue from the sale of properties. We expect that a significant portion of our future cash flows and revenue will continue to be generated from the sale of properties, which are heavily affected by the timing of pre-sale and sale of our properties. 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 properties by prospective customers, the timing of the sale of properties that we have developed, 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. Typically, as the overall development approaches completion, the sales prices of the properties in such development tend to increase as they are viewed as more marketable to purchasers. 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 period to period depending on the GFA sold or pre-sold and the timing of completion of the properties we sell. Periods in which we pre-sell a large amount of aggregate GFA, however, may not be periods 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.

Accordingly, our interim results for a certain period may not be indicative of our performance for that financial year or otherwise comparable to our results in previous periods. In light of the above, our Directors believe that period-to-period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenues.

Revenue generated from the sale of our properties are subject to land appreciation tax and income tax.

Revenue generated from the sale of our properties are subject to land appreciation tax in the PRC. In addition, revenue generated from the sale of residential properties in our projects planned for future development may be subject to land appreciation tax. Land appreciation tax is payable on the gain, representing the balance of the proceeds received on such sale, after deducting various prescribed items, including sums paid for the acquisition of land use rights, direct costs of land development and construction of buildings and supplementary facilities. Under applicable PRC laws and regulations, land appreciation tax is chargeable on the gain at progressive rates ranging from 30% to 60%. Property developers enjoy an additional deduction which is equal to 20% of the sums paid for the acquisition of land use rights and direct costs of land development and construction of buildings and supplementary facilities.

In lieu of the progressive rates, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan and Dali Wuzhou were subject to LAT of 3% to 8.34% of their revenue in accordance with "Wuxi Tax Circular (錫地稅函)" No. (2009) 46 and No. 1 (2010) 1 Announcement of Dali tax bureau. In 2010, 2011

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and 2012, we made LAT provisions of RMB36.6 million, RMB123.7 million and RMB196.9 million, respectively.

We have made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities may disagree with the basis on which the provision for LAT is calculated. If so, our cash flows and financial condition will be affected. In addition, making provisions for LAT requires our management to make significant judgment with respect to the appreciation of land value and the allowability of deductible items for LAT purposes. If the LAT provisions we have made are substantially lower than the actual LAT assessed by the tax authorities, our results of operations and cash flows will be materially and adversely affected.

The appraisal value of our properties may materially differ from the value we could receive in an actual sales transaction.

The property valuation report on our properties prepared by Savills, which provided a valuation of our properties as of February 28, 2013, is included as Appendix III to this document. 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. The assumptions, on which the appraised value of our properties are based, include:

- the design and construction of the development of our properties are in compliance with the local planning regulations and have been approved by the relevant authorities;
- there will be no forced sale situation in any manner;
- we have obtained or will obtain all consents, approvals and licenses from relevant government authorities for the development proposal without onerous conditions or undue delays;
- the owner sells the property interests on the open market in its existing state without the benefit of deferred terms contracts, leaseback, joint venture, management agreement or any similar arrangements which would increase the value of the property interests; and
- our property interests are free from encumbrances or restrictions which could affect their values.

If we fail to obtain the approvals from government authorities required for the development of our projects, some assumptions used by Savills in reaching the appraised value of our properties will be inaccurate.

In addition, property valuation generally, and the valuation conducted by Savills in particular, includes a subjective determination of certain factors relating to the properties, such as their relative market position, financial and competitive strengths, locations and physical conditions. Further, the valuation of the properties is not an indication of, and does not guarantee, a sales price corresponding to such valuation, currently or in the future. Unforeseen changes in a particular property development or local economic conditions in general 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.

Our business will be adversely affected if we fail to obtain, extend or renew necessary governmental licenses, permits, certificates or approvals for any major property development in a timely manner.

Real estate markets in China are strictly regulated by the PRC government. Property developers must comply with various laws and regulations of the PRC government, including rules issued by local

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governments to enforce these laws and regulations. To develop and complete a property project, we must apply for various licenses, permits, certificates and approvals from a variety of relevant government authorities during various stages of our operations, including, for example, land use rights certificates, construction land planning permits, construction work planning permits, construction permits, certificates of completion, pre-sale permits and property ownership certificates. Each approval is contingent upon the satisfaction of various conditions, which are often subject to the discretion of relevant government officials and subject to changes 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 government approvals, or that relevant 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 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 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 new 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. 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 government may refuse to issue permits necessary for our property development business. In addition, the government may impose a penalty on us for failing to comply with the terms of our 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.

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 grant contracts.

Under PRC laws and regulations, if we fail to develop a particular project according to the terms of the relevant land use rights grant 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.

Under current PRC laws and regulations, 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 grant 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 will be subject to reclamation 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 grant 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 as promulgated in the project proposal submitted to the government at project

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registration stage, including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

Many cities in China have set out specific enforcement rules on the reclamation 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 grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

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.

We are required to deliver completed properties to our purchasers within the timeframe provided in the sales contracts. To obtain individual property ownership certificates, we need to submit certain governmental approvals in connection with our property developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration. We are also required, within stipulated periods after delivery of the properties, to submit the relevant sales contracts, identification documents of the purchasers, proof of payment of deed tax, and the general property ownership certificate, for the bureau's review. Only after the bureau deems these documents sufficient will they issue the individual property ownership certificates in respect of the properties to the individual purchasers.

Delays by any of the various government authorities in reviewing the relevant applications and granting approvals as well as other factors may affect the delivery time of the general as well as individual property ownership certificates. We may become liable to purchasers for monetary penalties for any delay in the delivery of the individual property ownership certificates, which may be caused by delays in the administrative approval process or other reasons beyond our control.

We cannot assure you that such delays in the delivery of our completed properties or property ownership certificates will not occur in the future. In the event of delays on one or more property projects, our results of operations and reputation may be materially and adversely affected.

We may not be able to complete our projects under development, or commence or complete our projects planned for future development, on time or within budget.

Our projects under development will involve acquiring land use rights for large plots of land, many of which have existing structures and residents, from municipal and provincial governments of the PRC. Acquiring land use rights and committing the financial and managerial resources to develop the land involve significant risks. Before any planned project generates any revenue, we must make a variety of material expenditures, including costs related to acquiring land use rights. It may take several years for a planned development to generate revenue, and we cannot assure you that any such development will achieve positive cash flow. Our current and future property development activities may be exposed to the following risks:

- The services rendered by the independent contractors engaged by us to provide construction, elevator installation, fitting-out, interior decoration or other services may not meet our quality requirements. The negligence or poor work quality of any contractor may result in defects in our buildings or wholesale market units, which could, in turn, cause us to suffer financial losses, harm our reputation or expose us to third-party claims.
- We may incur construction and other development costs exceeding our original estimates. For example, if interest rates or construction costs increase, or market rental rates or sales

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prices decrease, completing a project may become uneconomical or we may suffer losses. In recent years, construction costs in China have been increasing due to increases in the prices of steel and other construction materials. Any cost increases could reduce our profits if we are unable to pass these increased costs on to our customers.

- We may postpone or change our project development plan after we have started to explore such development opportunities and, as a result, we may lose deposits paid to participate in the land tender process or fail to recover expenses already incurred.
- We may not be able to complete construction of a project on schedule, due to a variety of factors including shortages of materials, equipment, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with contractors and subcontractors, accidents, changes in government priorities and policies, changes in market conditions, delays in the relocation process, delays in obtaining the requisite approvals from the relevant authorities and other problems and circumstances.
- We may not be able to obtain, or face delays in obtaining, required zoning, land use, building, occupancy, and other governmental permits, rights and authorizations, which could result in increased costs and could require us to abandon our activities in part or as a whole with respect to a project.
- We may be involved in legal, governmental or administrative proceedings or disagreements with regulatory bodies arising out of our operations and may face significant liabilities as a result.
- We may sell or lease developed properties at sales prices or rental rates below our expectation.
- We may experience delays in the sale or leasing of developed properties.
- Existing residents may not relocate as planned.
- Demolishment of existing structures may take longer than we expected.

In addition, many of the assumptions on which we estimate the timetables and development costs for our projects under development and planned for future development are also beyond our control. If the actual economic conditions or other facts turn out to be materially different from these assumptions, the actual timetable could differ materially from that described in this document. For example, the recent global economic downturn and the deterioration in the global credit markets have already adversely affected business and consumer confidence in China and could impair our ability to borrow funds, which could delay the completion of our developments.

Failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenue and lower returns. We cannot assure you that we will not experience any significant delays in completing or delivering our projects in the future or that we will not be subject to any liabilities for any such delays. As a result, our cash flows and results of operations may be significantly affected by our project development schedules and any changes to those schedules.

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

Our Controlling Shareholders have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This influence may discourage, delay or prevent a

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change in control of our Company, which could deprive other Shareholders of an opportunity to sell at a premium and might reduce the price. These actions may be taken even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

We depend on our Controlling Shareholders, who also serve as Directors of our Company, and our business and growth prospects may be severely disrupted if we lose the support and service of all or any one of them.

Our success and growth depend on the efforts of our Controlling Shareholders, two of whom are also our executive Directors. Our Controlling Shareholders are critical to our success because of their vision for our Company and their industry knowledge and relationships. If we were to lose their support, our relationships with lenders, government officials, potential tenants and industry personnel could be adversely affected. As a result, the loss of any of our Controlling Shareholders, whether because any one or more of them become unwilling to continue in their present capacities with us, develop disagreements between each other, leave to join a competitor or form a competing business, or other reasons, would severely disrupt our business and growth prospects.

We depend on our senior management and other key staff members, as well as on our ability to attract and retain qualified management personnel.

We depend on the efforts and skills of our senior management and other key staff members. For a description of our senior management and other key staff members, please refer to the section headed "Directors, Senior Management and Employees". As a result, our future success depends to a significant extent on the continuing service and coordination of these individuals, who are not obligated to remain employed with us.

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 our potential losses and claims.

We carry public liability insurance for property damages. We currently have all-risk insurance with respect to our investment properties and completed properties held for sale in Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Columbus Plaza and Yangjian Wuzhou International Plaza. We cannot guarantee you that our insurance coverage is sufficient. In addition, our insurance does not cover certain types of losses and damages that are currently uninsurable in China, such as losses arising from natural disasters, wars, civil disorders, acts of terrorism and other events of force majeure. We may suffer losses arising from those uninsurable events. In addition, we do not maintain insurance coverage against liability arising from personal injuries or other tortious acts related to construction of our projects, nor maintain third-party liability insurance or business interruption insurance. 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. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. Nevertheless, we would remain obligated for any bank loans and other financial obligations related to the property. It is also possible that third-party insurance carriers will not be able to maintain reinsurance sufficient to cover any losses that may be incurred. Any material uninsured loss could materially and adversely affect our business, financial condition and results of operations.

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We may be subject to liability for environmental problems, which could result in losses.

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

The environmental impact assessment conducted to date may not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. Upon completion of each project, the relevant environmental authorities inspect the site to ensure compliance with all applicable environmental standards and prepare a report to confirm such compliance. If any portion of the project is found to be non-compliant with relevant environmental standards or if we are unable to obtain necessary licenses for releasing pollutants, we may be subject to suspension of our operations of such project as well as fines and penalties.

We are a holding company and rely on dividends paid by our subsidiaries for our funding requirements, and any limitation on the ability of our PRC subsidiaries to pay dividends to us may have a material adverse effect on our ability to conduct our business.

As a holding company, we depend upon the receipt of dividends from our subsidiaries to pay dividends to our Shareholders and satisfy our obligations. The ability of our direct and indirect subsidiaries to pay dividends to their shareholders (including us) is subject to relevant shareholders' agreements or constitutional documents and restrictions contained in the loan agreements of such subsidiaries or other instruments.

In addition, the ability of our subsidiaries in the PRC to pay dividends to their shareholders is subject to the requirements of PRC law, which permits payments of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Dividends may not be paid until cumulative prior years' losses are made up. As a result, if our subsidiaries in the PRC incur losses, such losses may impair their ability to pay dividends or other distributions to us, which would restrict our ability to pay dividends and to service our indebtedness. In addition, each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the cumulative amount of such reserves and fund reaches 50% of its registered capital. As a result, our PRC subsidiaries may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. 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, if any, may also restrict the ability of our PRC subsidiaries to make distributions to us. Any limitation on the ability of our PRC subsidiaries to pay dividends to us may materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our indebtedness or otherwise fund and conduct our business.

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 damages to our reputation, substantial costs to our operations and diversion of our management's attention. In addition, we may have disagreements with regulatory

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bodies in the course of our operations, which may subject us to 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.

RISKS RELATING TO THE PROPERTY INDUSTRY IN THE PRC

Our funding capability may be affected by PRC government actions and policies.

Property development is a capital-intensive business. Historically, we financed our development of various projects primarily with advances from our Shareholders, bank loans, loans from trust institutions and proceeds from pre-sales. As of March 31, 2013, our total bank loans and other borrowings amounted to RMB2,647.3 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 the 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 December 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 institutions from granting loans (including trust loans) to property projects that have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits. In addition, the CBRC restricted trust institutions from granting loans to property developers that have not obtained a Class 2 or above 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 CBRC has issued guidelines that generally require at least 30.0% of the total investment in a property project to be funded by the developer’s own capital;
- 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; and
- the CBRC issued rules governing the establishment, operation and financing activities of trust companies in 2007, including financings to property developers.

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

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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.

Our operations are extensively regulated, and particularly sensitive to changes in policies related to the real estate industry in China.

Our business of developing, selling and operating wholesale markets and commercial complexes 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 2012, 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 30% 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 State Council General Office of the PRC 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. For more details on this notice, please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix V to this document.

These measures and policies by the PRC government have negatively affected the real estate market and, in particular, caused a significant reduction in transaction volume in the residential real estate market. While these measures and policies remain in effect, they may continue to depress the real estate market, dissuade potential 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.

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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.

We depend on cash flows from the pre-sale of properties for our property development. There can be no assurance 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-sales 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.

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

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

On June 18, 2008, MOFCOM issued the Circular on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (商務部關於做好外商投資房地產產業備案工作的通知), (“**Circular No. 23**”) under which MOFCOM has delegated the task of verifying filing documents to its provincial agencies. 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 [●] 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 advised by our PRC legal advisors, the repatriation of

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funds by any of such means is subject to the filing requirements as mentioned above. As a result, we must file with the relevant examination and approval authorities and wait until such filings are completed before we may repatriate the [●] into the PRC for such intended uses in the PRC as described in the section headed “Future Plans and Use of Proceeds”. 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 [●] 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 significant competition from other commercial property developers in China.

We face significant competition from other developers and operators of wholesale markets and commercial complexes in China. For details regarding our competitors, please refer to the sections headed “Our Industry — Wholesale markets in the PRC” and “— Multi-functional commercial complexes in the PRC”. The level of competition in the wholesale markets and commercial complex markets are expected to increase over time, especially as new players enter the markets and existing players merge, reorganize and become more established.

In the wholesale markets industry in China, we face significant competition from other developers that develop and operate industrial materials wholesale markets in China, primarily in the Yangtze River Delta Area, the Greater Pearl River Delta region and the Bohai Rim region. In addition, there may be an increase in the number of industrial materials wholesale markets in the Yangtze River Delta Area and elsewhere in China in the future. This competition may affect our ability to attract and retain tenants and purchasers and may reduce the rental rates or market values of our properties. We cannot assure you that we will prevail in competing with other wholesale market developers or operators. Our inability to compete effectively could materially and adversely affect our business, financial condition and results of operations.

In the commercial complex markets, we face significant competition from other integrated corporate real estate developers in China. Such competitors may develop commercial complexes that offer more amenities, convenience and attractions than our Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Chinese Food Culture Exposition City, Meicun Wuzhou International Plaza or Yangjian Wuzhou International Plaza. As the overall economy develops further in China, the need for and competition for commercial complexes are expected to increase. We may not have any competitive edge in regions other than Wuxi or the Yangtze River Delta Area. We may not be able to achieve similar sales and rental performance in our future projects as we did in Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Chinese Food Culture Exposition City, Meicun Wuzhou International Plaza and Yangjian Wuzhou International Plaza.

We compete with our competitors across a range of factors, including location, capital resources, transportation, infrastructure, government tax and other incentives, design, project quality, maintenance and supporting services. We also compete on sales prices, rental rates and other terms. Many of our competitors in China may have significantly greater resources than we have, including longer operational histories, greater financial resources and more operational experience. Existing and prospective customers may consider our competitors’ properties, whether wholesale markets, commercial complexes or other properties, to be superior. As a result, we may lose current and potential tenants or purchasers to our competitors and have difficulty selling, renewing leases on or re-letting properties, or be forced to reduce our sales prices or rental rates, or incur additional costs in order to make our properties more attractive than those of our competitors. If we are unable to compete effectively and consistently, we may not be able to sell our properties on favorable terms, or at all, our occupancy rates may decline and we may not be able to recover our property development costs, which could materially and adversely affect our business, financial condition and results of operations.

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RISKS RELATING TO THE PRC

PRC economic, political and social conditions as well as government policies could adversely affect our business and prospects.

The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- political structure;
- the amount and degree of the PRC government involvement and control;
- growth rate and degree of development;
- level and control of capital investment and reinvestment;
- control of foreign exchange; and
- allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of other developed countries. The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For more than three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy and is continuing to play a significant role in regulating industries by imposing industrial policies. We cannot predict whether changes in the PRC economic, political and social conditions and in its laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government 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 the reform measures. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. For example, the PRC government has in the past implemented a number of measures intended to cool down certain segments of the economy, including the real estate industry, that the government believed to be overheating. Such measures included raising benchmark interest rates of commercial banks, reducing money supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits. These actions, as well as other actions and policies of the PRC government could cause a decrease in the overall level of economic activity, and in turn have an adverse impact on our business and financial condition.

Fluctuations in the value of the Renminbi may have a material adverse impact.

Substantially all of our revenue and expenditures are denominated in Renminbi, while the [●] 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 dollars or U.S. dollars will affect the relative purchasing power in Renminbi terms of the [●]. 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. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollars or U.S. dollars would affect our financial results in Hong Kong dollar or U.S. dollars terms without giving effect to any underlying change in our business or results of operations. Moreover, because the functional currency of the Company and all of its subsidiaries is the Renminbi, the balance and certain amounts due to related parties denominated in a foreign currency are subject to translation at each reporting date, which could affect our business, financial condition and results of operations.

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Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China’s foreign exchange regime and policy. Since July 2005, the Renminbi has not been pegged to the U.S. dollars. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollars in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

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 any 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.

Currently, the Renminbi still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but 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. Foreign exchange transactions under the capital account conducted by us, however, must be approved by or registered or filed with the SAFE.

Under existing foreign exchange regulations, following the completion of the [●], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially adversely affected.

Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you.

Our business is conducted in China and is governed by PRC laws and regulations. All of our subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have little precedent value and can only be used as a reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of the PRC laws and regulations involves a degree, sometimes a significant degree, of uncertainty. Depending on the government agency or how an application or case is presented to such agency, we may receive less favorable interpretations of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may limit the legal protections available.

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

On March 16, 2007, the PRC National People's Congress, Chinese national legislature, adopted a new tax law, the 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 (the "**Implementation Regulations**"), which also became effective on January 1, 2008.

Under the EIT Law and 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 EIT Law and be subject to PRC taxation on our worldwide income.

Under the 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 for the EIT Law, "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, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as in our case. 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 EIT Law and the Implementation Rules.

Dividends payable by us and gains may become subject to withholding taxes under PRC tax laws.

Under the 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, 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 EIT Law and the Implementation Regulations.

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

Pursuant to the Circular 698, issued by the PRC State Administration of Tax on December 10, 2009 with retroactive effect from January 1, 2008, and Public Notice (2011) No. 24 (國家稅務總局公告2011年第24號) issued by the PRC State Administration of Tax 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 Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents 《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》 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 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.

Failure to comply with PRC regulations regarding the registration requirements for stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

On December 25, 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, which set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. On January 5, 2007, SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On February 15, 2012, SAFE issued the Notices on Issues concerning the Foreign Exchange

RISK FACTORS

Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company 《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》 (the “**Stock Incentive Plan Rules**”), which terminated the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plan of Overseas Publicly-Listed Company issued by SAFE in March 2007. Under these rules, PRC citizens who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE and complete certain other procedures. Participants in a stock incentive plan who are PRC citizens must retain a qualified PRC domestic agent, which could be a PRC subsidiary of such overseas publicly-listed company that participates in the stock incentive plan or other qualified PRC domestic institution designated by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options and their purchase and sale of stocks. In addition, the PRC domestic agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC domestic agent or the overseas entrusted institution or other material changes. We and our PRC citizen employees who participate in our stock incentive plan will be subject to these regulations when our Company becomes a publicly-listed company in Hong Kong. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and other legal or administrative sanctions. We may also face regulatory uncertainties that could restrict our ability to adopt additional option plans for our directors and employees under the PRC laws.

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options. Under these circulars, our employees working in the PRC who exercise share options will be subject to PRC individual income tax. Our PRC subsidiary, Wuxi Wuzhou Ornament City, has obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. Furthermore, there are substantial uncertainties regarding the interpretation and implementation of the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules.

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 financial condition and results of operations.

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 Cayman Islands Companies Law and the common law of the Cayman Islands. The

RISK FACTORS

fiduciary duty 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 duty of our Directors and the rights of our Shareholders under Cayman Islands law may not be as clearly established as they are in certain other jurisdictions, such as Hong Kong. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. You may find additional information in the section headed "Summary of the Constitution of the Company and Cayman Islands Law" in Appendix VI to this document.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in mainland China or to enforce against them in mainland China any judgments obtained from non-PRC courts.

Almost all of our executive Directors and executive officers reside within mainland China, and substantially all of our assets and substantially all of the assets of those persons are located within mainland China. Therefore, it may be difficult for investors to effect service of process upon us or those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

FORWARD-LOOKING STATEMENTS

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

- our business and operating strategies and our ability to implement such strategies;
- our ability to further develop and manage our projects as planned;
- our capital commitment plans, particularly plans relating to acquisition of land for our property development and the development of our projects;
- our operations and business prospects, including development plans for our existing and new businesses;
- the regulatory environment as well as the general industry outlook for the PRC real estate industry;
- exchange rate fluctuations and restrictions;
- future developments and the competitive environment in the PRC real estate industry;
- general economic trends in the PRC; and
- our dividend distribution plans.

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

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

DIRECTORS AND PARTIES INVOLVED IN THIS DOCUMENT

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Executive Directors		
Shu Cecheng (舒策城)	Room 202, Unit 8, Block 13 Wankejinyulanwan Binhu District Wuxi, PRC	Chinese
Shu Cewan (舒策丸)	Room 701 No. 2 Wankemeilizhicheng Binhu District Wuxi, PRC	Chinese
Shu Ceyuan (舒策員)	Room 2903 No. 77 Wankejanyuan Changjiang North Road New District Wuxi, PRC	Chinese
Wu Xiaowu (吳曉武)	Room 601 No. 18 Longquanyuan Huishan District Wuxi, PRC	Chinese
Zhao Lidong (趙立東)	No. 4-2 West Unit No.61 Taiyang Street Zhongshan District, Dalian Liaoning Province, PRC	Chinese
Independent Non-executive Directors		
Song Ming (宋敏)	Flat B, 7/F, Block 26 Baguio Villa 555 Victoria Road, Hong Kong	Chinese
Lo Kwong Shun Wilson (羅廣信)	Flat B, 19/F Cherry Crest 3 Kui In Fong, Hong Kong	Chinese
Shu Guoying (舒國滢)	Room 302, Block 18 Mingguang North Lane Haidian District Beijing, PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THIS DOCUMENT

Legal Advisers to Our Company

As to Hong Kong Law and U.S. Law
Shearman & Sterling
12th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC Law
Global Law Office
15/F, Tower 1
China Central Place
81 Jianguo Road
Chaoyang District
Beijing, PRC

As to Cayman Islands and British Virgin Islands Law
Walkers
Suite 1501-1507, Alexandra House
18 Chater Road
Central, Hong Kong

Reporting Accountants

Ernst & Young
Certified Public Accountants
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Property Valuer

Savills Valuation and Professional Services limited
23/F Two Exchange Square
Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters in the PRC	19 th Floor Wuzhou International Columbus Plaza Tower B 287 Guangyi Road Wuxi, PRC
Principal Place of Business in Hong Kong	Room 605 Bank of America Tower 12 Harcourt Road Central Hong Kong
Company website	http://www.wz-china.com
Company Secretary	Chan Sze Hon (陳思翰), ACCA, CPA
Qualified Accountant	Chan Sze Hon (陳思翰), ACCA, CPA
Authorized Representatives	Chan Sze Hon (陳思翰) Flat H, 26 th Floor, Tower 3 88 O King Road Phase 1, Ocean Shores Tseung Kwan O New Territories Hong Kong Shu Cecheng (舒策城) Room 202, Unit 8, Block 13 Wankejinyulanwan Binhu District, Wuxi, PRC
Audit Committee	Lo Kwong Shun Wilson (羅廣信) (<i>chairman</i>) Song Ming (宋敏) Shu Guoying (舒國澄)
Remuneration Committee	Song Ming (宋敏) (<i>chairman</i>) Shu Guoying (舒國澄) Shu Cewan (舒策丸)
Nomination Committee	Shu Cecheng (舒策城) (<i>chairman</i>) Lo Kwong Shun Wilson (羅廣信) Song Ming (宋敏)
Principal Share Registrar and Transfer Office	Codan Trust Company (Cayman) Limited Cricket Square P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands

OUR INDUSTRY

SAVILLS REPORT

We have commissioned Savills, an independent third party and an experienced consultant in global real estate industry, to prepare the property market study report ("**Report**") which analyzes specialized wholesale markets and multi-functional commercial complexes in various regions of China, for a fee of RMB500,000.

THE PRC ECONOMY

Overview of the PRC Economy

China has experienced an average of double-digit growth per year over the past three decades driven by the government's extensive economic reforms. In the past seven years, China's gross domestic product, or GDP, increased from RMB18.5 trillion in 2005 to RMB51.9 trillion in 2012, representing a CAGR of approximately 15.9%, according to China Statistical Year Book 2012 and Statistical Communique of China 2012.

China's economic growth has primarily been driven by increased government spending on infrastructure and private sector investments in land developments, as well as by increased consumer spending. Real estate investment increased to RMB7.2 trillion in 2012 from RMB1.6 trillion in 2005, representing a CAGR of approximately 24.0%. Retail sales of consumer goods have more than doubled in the past seven years, reaching RMB21.0 trillion in 2012 as compared to RMB6.7 trillion in 2005.

The following table sets forth selected economic indicators of China for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	2012	CAGR
Population (million)	1,307.6	1,314.5	1,321.3	1,328.0	1,334.7	1,340.9	1,347.4	1,354.0	0.5%
Nominal GDP (RMB trillion)	18.5	21.6	26.6	31.4	34.1	40.2	47.3	51.9	15.9%
GDP growth (%)	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.8	
Fixed-asset investment (RMB trillion)	8.9	11.0	13.7	17.3	22.5	25.2	31.1	37.5	22.8%
Real estate investment (RMB trillion)	1.6	1.9	2.5	3.1	3.6	4.8	6.2	7.2	24.0%
Retail sales of consumer goods (RMB trillion)	6.7	7.6	8.9	11.5	13.3	15.7	18.4	21.0	17.7%
Urban disposable income per capita (RMB)	10,493	11,759	13,786	15,781	17,175	19,109	21,810	24,565	12.9%

Sources: China Statistical Year Book 2012, National Bureau of Statistics of China. 2012 data from Statistical Communique of China 2012

OUR INDUSTRY

Regional Growth in the PRC Economy

Yangtze River Delta Area

The Yangtze River Delta Area is one of the most economically developed regions in China. It covers Shanghai and selected cities in the provinces of Jiangsu and Zhejiang. Below is a map showing the Yangtze River Delta Area.



The Yangtze River Delta Area is served by international airports located in the cities of Shanghai, Hangzhou, Nanjing, Ningbo and Wuxi. High speed railways have been built across the region connecting major cities in the area and the new Shanghai-Beijing high-speed line which opened in 2010 has significantly reduced travel time. In addition, the waterways in the Yangtze River Delta Area are highly developed. Ningbo port and Shanghai port are two of the busiest seaports in China.

The Yangtze River Delta Area accounted for approximately 17.3% of the total GDP in China in 2012. In 2012, fixed assets investments in the Yangtze River Delta Area reached RMB4,201.1 billion, accounting for approximately 11.2% of the total fixed assets investment in China. The PRC government has set targets to transform the Yangtze River Delta Area into an important global center for advanced industries and manufacturing industries in the next decade. Shanghai Jiao Tong University has estimated that the GDP in the Yangtze River Delta Area will reach RMB16.0 trillion by 2020, based on an estimated annual growth rate of 11.0% from 2011 to 2020.

Jiangsu Province

Jiangsu Province covers a total area of 102,600 sq.km., and is surrounded by the provinces of Shandong, Anhui and Zhejiang, and Shanghai municipality. Jiangsu Province recorded the second highest GDP in China in 2012 and had the third highest retail sales of consumer goods in 2012, according to Savills. Jiangsu Province is the base of leading exporters of electronic equipment, chemical products, textiles, manufacturing machinery and automobiles.

OUR INDUSTRY

Wuxi

Wuxi is located in the southern part of Jiangsu Province and is surrounded by Suzhou and Changzhou. Wuxi covers a total area of approximately 4,787.6 sq.km. and had a population of 6.5 million as of 2012. Wuxi is one of the top business cities in China and was ranked No. 7 in the Forbes Magazine's list of "2010 China's Best Business Cities". In 2012, the per capita GDP of Wuxi increased by approximately 9.3% to RMB117,400, as compared to RMB107,437 in 2011. Wuxi is conveniently located on the Shanghai-Beijing high-speed rail line with the Great Canal flowing through the city. The following table sets forth selected economic indicators of Wuxi for the years indicated:

	2005	2006	2007	2008	2009	2010	2011	2012
Population (million)	5.6	5.8	6.0	6.1	6.2	6.4	6.4	6.5
GDP (RMB billion)	280.9	331.1	388.0	446.1	499.2	579.3	688.0	756.8
Per capita GDP (RMB)	51,034	57,899	65,570	73,733	81,146	92,167	107,437	117,400
Fixed-asset investment (RMB billion)	133.6	147.5	167.4	187.7	238.8	298.6	316.9	361.8
Per capita disposable income (RMB)	16,005	18,189	20,898	23,605	25,027	27,750	31,638	35,663
Retail sales of consumer goods (RMB billion)	81.6	94.2	110.3	134.1	154.3	182.6	214.0	242.8

Sources: Wuxi Statistical Yearbooks 2006-2012. 2012 data from Statistical Communique of Wuxi 2012

Nantong

Nantong is located on the northern bank of the Yangtze River and is an important port city surrounded by Yancheng, Taizhou, Suzhou and Shanghai. Nantong covers a total area of approximately 8,001.0 sq.km. and had a population of 7.3 million as of December 31, 2012. Nantong was one of China's first 14 coastal cities permitted to open for international trade and economic activity. Nantong is conveniently connected to Suzhou through the Sutong (Suzhou-Nantong) Yangtze River Bridge, which was completed in 2008. The following table sets forth selected economic indicators relating to Nantong for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	2012
Population (million)	7.3	7.2	7.2	7.1	7.1	7.3	7.3	7.3
GDP (RMB billion)	148.4	178.8	216.4	259.3	287.3	346.6	408.0	455.9
Per capita GDP (RMB)	20,138	24,545	29,991	36,199	40,231	48,083	56,005	62,506
Fixed-asset investment (RMB billion)	81.5	104.9	126.6	150.5	180.2	216.8	237.8	288.6
Per capita disposable income (RMB)	11,590	13,056	15,261	17,540	19,469	21,825	25,094	28,292
Retail sales of consumer goods (RMB billion)	53.6	62.2	73.7	91.5	108.0	127.7	149.3	170.9

Source: Nantong Statistical Yearbooks, 2005-2012. 2012 data from Statistical Communique of Nantong 2012

Zhejiang Province

Zhejiang Province covers a total area of 104,141 sq.km. and is surrounded by the provinces of Jiangsu, Anhui, Jiangxi, Fujian and Shanghai. Zhejiang Province recorded the fourth highest GDP in China in 2012 and had the fourth highest retail sales of consumer goods in 2012, according to Savills. The major manufacturing sectors based in Zhejiang Province are electro-mechanical products, textiles, chemical products, food and construction materials.

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Hangzhou

Hangzhou is the capital and the largest city of Zhejiang Province. It covers a total area of 16,596 sq.km. and had a population of approximately 7.0 million as of December 31, 2012. Hangzhou is an industrial city with many diverse sectors, including electronic information, food, textiles and chemical engineering and is considered an important manufacturing base and logistics hub for coastal China. The following table sets forth selected economic indicators relating to Hangzhou for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	2012
Population (million)	6.6	6.7	6.7	6.8	6.8	6.9	7.0	7.0
GDP (RMB billion)	294.4	344.3	410.4	478.9	508.8	594.9	701.9	780.4
Per capita GDP (RMB)	44,871	51,908	61,315	70,948	74,761	86,691	101,370	N.A.
Fixed-asset investment (RMB billion)	138.7	146.1	168.4	198.1	229.2	275.3	310.0	372.3
Per capita disposable income (RMB)	16,601	19,027	21,689	24,104	26,864	30,035	34,065	37,511
Retail sales of consumer goods (RMB billion)	97.8	111.9	130.8	157.8	180.5	214.6	254.8	294.5

Sources: Hangzhou Statistical Yearbook 2012. 2012 data from Statistical Communique of Hangzhou 2012

Bohai River Rim Region – Shandong and Liaoning

Shandong Province and Liaoning Province are the leading provinces in the northeastern region in terms of GDP. Shandong Province covers a total area of 157,126 sq.km. and had a population of 96.8 million as of 2012. Liaoning Province covers a total area of 147,500 sq.km. and had a population of 43.9 million as of 2012. The following table sets forth selected economic indicators relating to Shandong and Liaoning for the periods indicated:

Province	GDP in 2012 (RMB billion)	Ranking	GDP per capita in 2012 (RMB)	Ranking	Retail sales in 2012 (RMB billion)	Ranking
Shandong	5,001.3	3	51,768	10	1,917.5	2
Liaoning	2,480.1	7	56,547	7	925.7	6

Source: Statistical Communique of Various Provinces, Municipalities and Autonomous Regions, 2012

Central and Western Regions – Selected Provinces

The following table sets forth selected economic indicators relating to certain provinces in the central and western regions for the periods indicated:

Province	GDP in 2012 (RMB billion)	Ranking	GDP per capita in 2012 (RMB)	Ranking	Retail sales in 2012 (RMB billion)	Ranking
Hunan	2,215.4	10	33,480	20	785.5	10
Hubei	2,225.0	9	38,502	14	919.7	7
Chongqing	1,145.9	23	39,083	12	396.1	22
Yunnan	1,031.0	24	22,195	29	354.2	24

Source: Statistical Communique of Various Provinces, Municipalities and Autonomous Regions, 2012

Although the overall GDP of provinces in the central and western regions are relatively lower than the GDP of the eastern regions, these regions have experienced accelerating growth. For example, in 2012, Chongqing's GDP increased by 13.6% and Yunnan's GDP increased by 13.0%, both of which significantly outpaced the national average of 7.8%, according to Savills.

OUR INDUSTRY

REAL ESTATE MARKET IN THE PRC

According to Savills, demand for properties in the PRC has increased significantly in recent years due to continued growth of per capita disposable income and rising living standards. The GFA of commercial properties sold increased from approximately 618.6 million sq.m. in 2006 to approximately 1,113.0 million sq.m. in 2012, representing a CAGR of 10.3%. During the same period, driven by favorable market conditions and attractive investment returns, investments in real estate in the PRC grew rapidly from approximately RMB1,942.3 billion in 2006 to approximately RMB7,180.4 billion in 2012, representing a CAGR of 24.3%. The following tables set forth selected indicators of the PRC real estate market for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Real Estate Investment (RMB billion)								
Investment in residential properties	1,942.3	2,528.9	3,120.3	3,624.2	4,825.9	6,179.7	7,180.4	24.3%
Investment in office properties	1,363.8	1,800.5	2,244.1	2,561.4	3,402.6	4,432.0	4,937.4	23.9%
Investment in retail properties	92.8	103.5	116.7	137.7	180.7	255.9	336.7	24.0%
Investment in other properties	235.4	278.6	335.4	418.1	564.8	742.4	931.2	25.8%
	250.3	346.3	424.1	507.0	677.7	749.5	975.1	25.4%
Supply of Properties (million sq.m.)								
GFA of commodity properties completed	558.3	606.1	665.4	726.8	787.4	926.2	994.3	10.1%
GFA of residential properties completed	454.7	498.3	543.3	596.3	634.4	743.2	790.4	9.7%
GFA of office properties completed	13.9	15.5	18.2	16.5	18.2	22.7	23.2	8.8%
GFA of retail properties completed	62.9	61.0	64.1	68.2	82.8	94.7	102.3	8.4%
GFA of other properties completed	26.8	31.3	39.8	45.7	52.0	65.6	78.4	19.6%
Demand of Properties (million sq.m.)								
GFA of commodity Properties sold	618.6	773.5	659.7	947.6	1,047.6	1,093.7	1,113.0	10.3%
GFA of residential properties sold	554.2	701.4	592.8	861.8	933.8	965.3	984.7	10.1%
GFA of office properties sold	12.3	14.7	11.6	15.4	18.9	20.0	22.5	10.6%
GFA of retail properties sold	43.4	46.4	42.1	53.3	69.9	78.7	77.6	10.2%
GFA of other properties sold	8.7	11.1	13.3	17.0	25.0	29.6	28.2	21.8%
Average Selling Price of Properties (RMB per sq.m.)								
Average selling price of Commodity properties	3,367	3,864	3,800	4,681	5,032	5,357	5,791	9.5%
Average selling price of residential properties	3,119	3,645	3,576	4,459	4,725	4,993	5,430	9.7%
Average selling price of office properties	8,053	8,667	8,378	10,608	11,406	12,327	12,303	7.3%
Average selling price of retail properties	5,247	5,774	5,886	6,871	7,747	8,488	9,022	9.5%
Average selling price of other properties	3,131	3,351	3,219	3,671	4,099	4,182	4,307	5.5%

Source: China Statistical Yearbook 2012, National Statistics Bureau of China

OUR INDUSTRY

The PRC government implemented a series of measures aimed at cooling the residential market in the past few years. For more details, please refer to the sections headed "Mortgages of Real Estate" and "Measures on Stabilizing Housing Price" in Appendix V — Summary of Principal PRC Legal and Regulatory Provisions.

According to Savills, property sales in cities where our projects are located varied during the 11 months ended November 30, 2012. The geographic differentiation was primarily due to different market characteristics of the city, such as market size, market maturity, demand, and the timing and effects of the austerity measures.

In general, sales volume of residential properties decreased significantly in most of the cities during the 11 months ended November 30, 2012 as compared to 2011. However, in Wuxi and Hangzhou, demand began to pick up since the middle of 2012 and has returned to the levels in 2010. While the average selling prices of residential properties in these cities increased moderately during the 11 months ended November 30, 2012 as compared to 2011, they decreased by approximately 4.6% in Wuxi. Retail and office properties in these cities remained stable during the period.

The following tables set forth a summary of property sales in selected cities for the periods indicated:

	For the 11 months ended November 30, 2012				For the year ended December 31, 2011			
	Commodity properties	Residential properties	Office properties	Retail properties	Commodity properties	Residential properties	Office properties	Retail properties
Sales Volume (million sq. m.)								
Jiangsu Province								
Wuxi	7.9	6.8	0.4	0.7	6.5	5.3	0.3	0.9
Qidong	0.6	0.6	656*	6,536*	0.6	0.6	39,186*	41,851*
Nantong	6.1	5.5	0.1	0.4	5.5	4.8	0.2	0.4
Yancheng	4.0	3.5	0.02	0.4	5.6	4.8	0.1	0.6
Huaian	5.8	5.1	0.1	0.5	4.6	4.1	0.02	0.5
Taizhou	2.8	2.4	0.01	0.3	4.7	3.9	0.1	0.6
Zhejiang Province								
Hangzhou	9.8	8.4	0.7	0.6	8.3	6.8	0.7	0.6
Chongqing	38.2	34.9	0.4	1.8	45.3	40.6	0.4	2.7
Yunnan Province								
Dali	0.9	0.7	nil	177,717*	1.0	1.0	nil	24,004*
Hubei Province								
Xiangfan	3.0	2.7	0.03	0.2	5.1	4.5	0.02	0.5
Liaoning Province								
Shenyang	21.2	18.8	0.2	1.6	21.8	19.5	0.1	1.7
Shandong Province								
Dezhou	3.8	3.2	13,720*	0.5	4.5	4.2	1,500*	0.2
Yantai	8.5	7.7	169,876*	0.4	12.9	11.8	50,554*	0.8

* In sq. m.

Source: Statistical Bureau of various cities

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	For the first 11 months of 2012				For the year ended December 31, 2011			
	Commodity properties	Residential properties	Office properties	Retail properties	Commodity properties	Residential properties	Office properties	Retail properties
Average Selling Price (RMB per sq. m.)								
Jiangsu Province								
Wuxi	8,413.5	7,712.3	8,641.2	15,264.8	8,678.4	8,084.9	8,919.0	11,927.1
Qidong	6,021.2	5,964.5	9,603.7	10,812.4	6,508.6	6,262.1	5,950.6	10,276.7
Nantong	5,418.7	5,198.1	9,777.9	8,077.5	5,914.0	5,569.3	9,537.9	8,531.9
Yancheng	4,438.8	4,176.9	3,380.3	6,853.0	4,415.5	4,084.1	3,893.4	6,951.3
Huai'an	4,443.1	4,096.3	6,641.0	7,528.3	4,496.8	3,991.5	4,439.0	8,613.2
Taizhou	6,109.9	5,650.1	4,402.6	9,671.5	6,302.1	5,634.9	7,346.4	10,545.4
Zhejiang Province								
Hangzhou	13,319.3	13,189.8	16,511.6	12,981.8	13,062.3	12,612.9	16,644.4	16,577.4
Chongqing	5,110	4,867	10,935	9,844	4,734	4,492	11,686	8,132
Yunnan Province								
Dali	5,190.7	4,672.0	—	7,333.1	4,627.4	4,579.1	—	6,551.8
Hubei Province								
Xiangfan	3,802.8	3,607.9	7,908.7	5,701.3	3,183.7	3,100.6	2,108.5	4,182.9
Liaoning Province								
Shenyang	6,336.5	6,000.4	11,576.1	9,756.1	5,885.4	5,614.1	7,522.6	8,846.6
Shandong Province								
Dezhou	3,538	3,509	5,746	3,758	3,273	3,194	3,200	4,988
Yantai	5,388.3	5,272.6	7,807.2	6,922.8	4,978.6	4,845.0	8,303.6	6,992.1

Source: Statistical Bureau of various cities

The average selling prices and land acquisition costs of our multi-functional commercial complexes are higher than those of specialized wholesale markets. According to Savills, this discrepancy is mainly caused by the following factors: (i) most specialized wholesale market projects are constructed and developed on land restricted for special purposes, such as wholesale and retail, while the land for multi-functional commercial complexes projects could be used for other purposes, such as residential, office and retail, which in turn affect the land acquisition costs; (ii) multi-functional commercial complexes require higher construction costs due to the nature of the building structure. Construction costs for the retail portion of multi-functional commercial complexes are at least 80% to 100% higher than those of specialized wholesale markets; and (iii) since most of the land parcels designated for wholesale market projects are situated at more remote areas away from central business districts under local government's land use plans, their prices are much lower than those designated for multi-functional commercial complexes.

WHOLESALE MARKETS IN THE PRC

Overview

Wholesale markets (or commodity exchange markets (商品交易市場) as they are commonly referred to in the PRC) are places where vendors display and sell their products. As of 2011, there were 5,075 wholesale markets in China, including 3,707 specialized wholesale markets with annual sales turnover exceeding RMB100 million. Wholesale markets have become one of the most effective channels for delivering goods, particularly to smaller cities and rural towns and villages in China.

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Wholesale markets are categorized into integrated markets for multiple types of products and specialized markets for specific types of products. The following table sets forth a breakdown of major wholesale markets in China with annual sales turnover exceeding RMB100 million for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	CAGR
Number of Wholesale Markets								
Integrated Markets (綜合市場)	767	1,106	1,140	1,248	1,280	1,341	1,368	10.1%
Industrial product markets	228	295	310	287	286	310	314	5.5%
Agricultural product markets	539	811	830	630	657	691	702	4.5%
Specialized markets (專業市場)	2,214	2,525	2,760	3,319	3,407	3,599	3,707	9.0%
Metal hardware	N/A	51	65	71	71	80	75	8.0%*
Home decoration and furniture	71	100	113	109	130	135	138	11.7%
Building materials	274	333	363	396	430	480	525	11.5%
Other markets (其他市場)	342	245	221	—	—	—	—	—
Total	3,323	3,876	4,121	4,567	4,687	4,940	5,075	7.3

Source: Statistical Yearbook of China Commodity Exchange Market 2012, National Bureau of Statistics

* representing CAGR from 2006 to 2011

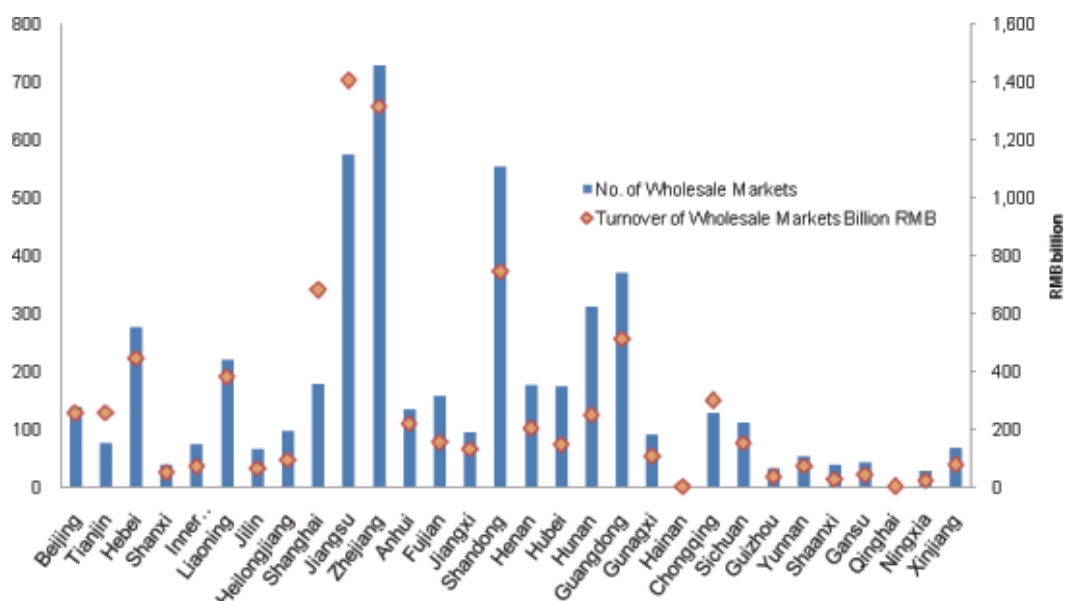
In terms of selling methods, wholesale markets are mixed with more retail elements and formats, particularly for large-scale integrated wholesale markets, where retail sales turnover accounts for over 30% of total sales turnover. The following table sets forth selected information on wholesale markets in China with annual sales turnover exceeding RMB100 million for the periods indicated:

Year	No. of markets	Average No. of stalls as at year-end (million)	GFA (million sq.m.)	Gross sales turnover (RMB billion)	Wholesale sales turnover (RMB billion)	Retail sales turnover (RMB billion)
2005	3,323	2.25	131.4	3,002.1	2,454.4	547.7
2006	3,876	2.53	180.7	3,713.7	2,968.0	745.7
2007	4,121	2.68	198.1	4,408.6	3,587.2	821.4
2008	4,567	2.84	212.3	5,245.8	4,312.0	933.8
2009	4,687	2.99	232.3	5,796.4	4,830.8	965.6
2010	4,940	3.19	248.2	7,270.4	6,095.5	1,174.9
2011	5,075	3.33	262.3	8,201.7	6,939.1	1,262.6

Source: Statistical Yearbook of China Commodity Exchange Market 2012, National Bureau of Statistics

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The following chart sets forth a breakdown of wholesale markets by province, municipality and autonomous region in 2011:



Source: Statistical Yearbook of China Commodity Exchange Markets 2012, National Bureau of Statistics

Wholesale Markets in the Yangtze River Delta Area

The growth of wholesale markets in China in the past three decades has been driven by the emergence of different industrial centers. The more economically developed regions, such as the Yangtze River Delta Area, the Bohai Rim region and the Pearl River Delta region, have developed a large number of large-scale wholesale markets across various types of products.

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According to Savills, the Yangtze River Delta Area, including Shanghai and a number of major cities of Jiangsu and Zhejiang Province, is the most developed region of wholesale markets in China in terms of total number of markets, total number of stalls, total retail area and total sales annual turnover. On an individual basis, Jiangsu and Zhejiang Province are ranked the top-two provinces for wholesale markets in terms of total annual sales turnover and total number of markets. According to the National Bureau of Statistics of China, the total number of wholesale markets in the Yangtze River Delta Area with annual sales turnover exceeding RMB100 million increased from 1,030 in 2005 to 1,217 in 2011, representing a CAGR of 2.8%. During the same period, sales turnover increased from RMB1,127.3 billion to RMB3,001.3 billion, representing a CAGR of 17.7%. The following table sets forth selected information relating to wholesale markets in the Yangtze River Delta Area with annual sales turnover exceeding RMB100 million for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	1,030	1,189	1,253	1,329	1,121	1,173	1,217	2.8%
No. of stalls	438,687	496,220	539,847	595,106	636,763	670,455	721,581	8.6%
No. of stalls rented at								
year-end	n/a	n/a	n/a	548,475	587,187	620,045	660,111	6.4%
Retail area (million sq.m.)	23.5	28.9	38.2	42.2	47.6	50.2	52.0	14.2%
Sales turnover (RMB billion)	1,127.3	1,360.3	1,691.2	1,934.6	2,051.4	2,624.4	3,001.3	17.7%
Wholesale	966.1	1,148.6	1,434.9	1,651.2	1,728.6	2,256.3	2,612.4	18.0%
Retail	161.2	211.7	256.3	298.5	322.8	368.2	388.8	15.8%
Proportion of wholesale (%)	85.7	84.4	84.8	85.4	84.3	86.0	87.1	—
Average retail area per market								
(sq.m.)	22,816	24,306	30,487	31,753	24,462	42,796	72,753	11.0%
Average retail area per unit								
(sq.m.)	53.6	58.2	70.8	70.9	74.8	74.9	72.1	5.1%
Average sales turnover per								
rented stall (RMB million)	n/a	n/a	n/a	3.5	3.5	4.2	4.5	8.8%

Source: Statistical Yearbook of China Commodity Exchange Market, 2006-2012

Jiangsu Province

The following table sets forth selected information of wholesale markets in Jiangsu Province for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	459	482	501	534	528	553	575	3.8%
No. of stalls	242,054	260,859	282,599	318,632	334,893	362,831	386,182	8.1%
No. of stalls rented at								
year-end	n/a	n/a	n/a	289,887	306,038	332,515	346,988	6.2%
Retail area (million sq.m.)	17.2	18.9	25.3	26.4	23.0	29.7	30.2	9.8%
Sales turnover (RMB billion)	481.5	582.2	734.6	882.0	922.6	1,175.4	1,400.7	19.5%
Wholesale	403.1	497.1	641.2	740.4	783.1	1,003.5	1,208.7	20.0%
Retail	78.3	85.1	93.4	141.6	139.5	171.9	192.0	17.0%
Proportion of wholesale (%)	83.7	85.4	87.3	83.9	84.9	85.4	86.3	—
Average retail area per market								
(sq.m.)	37,429	39,212	50,499	49,438	43,561	53,707	52,522	5.8%
Average retail area per stall								
(sq.m.)	71.0	72.7	89.5	82.7	68.8	81.7	78.2	1.6%
Average sales turnover per								
rented stall (RMB million)	—	—	—	3.0	3.2	3.5	4.0	9.9%

Source: National Bureau of Statistics of China

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In Wuxi, total sales turnover of wholesale markets increased from RMB131.9 billion in 2005 to RMB369.6 billion in 2012, representing a CAGR of 15.9%. Among wholesale markets, total sales turnover of specialized markets reached RMB316.5 billion in 2012, representing 85.6% of the total sales turnover of wholesale markets.

According to Wuxi Statistics Bureau, investments in real estate in Wuxi increased from RMB22.8 billion in 2005 to RMB87.1 billion in 2012, representing a CAGR of 23.0%. During the same period, investments in office and retail properties outpaced the overall investments in real estate. In 2012, investments in office and retail properties in Wuxi increased 42.6% and 44.8%, respectively, on a year-over-year basis.

Investments in real estate significantly increased demand for construction materials, furniture, and hardware and decoration materials. As a result, specialized markets featuring construction materials, furniture, and hardware and decoration materials have experienced significant growth. The following table sets forth selected performance indicators of specialized markets of furniture, hardware and decoration materials in 2009, 2010 and 2011 in Wuxi:

	2009					2010					2011				
	No. of markets	No. of stalls	No. of rented stalls	Total sales turnover (RMB100 million)	Area ('000 sq.m.)	No. of markets	No. of stalls	No. of rented stalls	Total sales turnover (RMB100 million)	Area ('000 sq.m.)	No. of markets	No. of stalls	No. of rented stalls	Total sales turnover (RMB100 million)	Area ('000 sq.m.)
Furniture	1	388	350	4	146.5	1	580	565	4	146.5	1	580	536	4	146.5
Decoration materials . .	2	633	633	9	133.8	2	633	630	95	133.8	7	2,388	1,353	127	563.8
Hardware and electrical materials . .	1	1,072	1,072	20	61.4	1	1,090	1,087	24	61.4	1	1,122	1,122	22	61.4
Other	1	398	398	23	120.0	1	491	490	27	120.0	1	500	500	28	120.0
Furniture, hardware and decoration materials .	5	2,491	2,395	56	461.7	5	2,794	2,772	150	461.7	10	4,590	3,511	182	891.7

Source: Statistical Yearbooks of Wuxi, 2009, 2010 and 2011

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Wholesale Markets in Other Provinces

The following tables set forth selected indicators of wholesale markets in other provinces for the periods indicated:

Shandong Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	378	446	483	520	536	543	555	6.6%
No. of stalls	222,348	267,109	293,674	345,519	340,647	373,177	384,036	9.5%
No. of stalls rented at year-end	n/a	n/a	n/a	316,795	340,156	352,628	364,551	4.8%
Retail area (million sq.m.) ...	17.7	23.6	23.4	28.6	33.4	34.5	36.4	12.3%
Sales turnover (RMB billion)	282.0	333.8	394.1	468.8	545.2	667.6	742.4	17.5%
Wholesale	234.5	276.7	331.4	396.0	475.8	563.7	647.5	18.4%
Retail	47.5	57.1	62.7	72.8	69.4	103.9	94.9	12.2%
Proportion of wholesale (%)	83.2	82.9	84.1	84.5	87.3	84.4	87.2	—
Average retail area per market (sq.m.)	46,807	53,011	48,481	55,082	62,375	63,492	65,586	5.8%
Average retail area per unit (sq.m.)	79.6	88.5	79.7	82.8	92.4	92.4	94.8	3.0%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.5	1.6	1.9	2.0	10.7%

Source: National Bureau of Statistics of China

Liaoning Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	160	159	176	223	225	222	221	5.5%
No. of stalls	153,937	148,119	158,631	200,130	194,486	196,337	195,317	4.0%
No. of stalls rented at year-end	n/a	n/a	n/a	182,119	179,694	179,992	180,547	-0.3%
Retail area (million sq.m.) ...	5.5	8.0	9.5	8.1	9.8	8.2	8.1	6.7%
Sales turnover (RMB billion)	143.4	168.8	190.3	244.8	268.7	346.6	379.5	17.6%
Wholesale	102.4	100.8	117.6	191.1	215.2	289.0	314.7	20.6%
Retail	41.0	68.0	72.7	53.7	53.5	57.7	64.8	7.9%
Proportion of wholesale (%)	71.4	59.7	61.8	78.1	80.1	83.4	82.9	—
Average retail area per market (sq.m.)	34,375	50,315	53,977	36,323	43,556	36,937	36,652	1.1%
Average retail area per unit (sq.m.)	35.7	54.0	59.9	40.5	50.4	41.8	41.5	2.5%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.3	1.6	1.9	2.1	17.4%

Source: National Bureau of Statistics of China

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Yunnan Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	26	40	44	51	52	53	55	13.3%
No. of stalls	17,579	26,459	28,021	38,328	30,923	56,245	70,234	26.0%
No. of stalls rented at year-end	n/a	n/a	n/a	27,244	24,053	41,193	55,050	26.4%
Retail area (million sq.m.)	1.2	1.8	2.1	2.4	1.6	2.7	3.9	21.7%
Sales turnover (RMB billion)	19.0	20.8	27.1	37.1	38.1	60.3	73.4	25.3%
Wholesale	17.3	17.7	24.2	33.5	33.0	51.0	59.8	23.0%
Retail	1.7	3.1	2.9	3.6	5.1	9.3	13.6	41.4%
Proportion of wholesale (%)	90.9	84.9	89.2	90.3	86.7	84.6	81.5	—
Average retail area per market (sq.m.)	46,462	44,800	47,148	46,941	31,096	50,793	70,909	7.3%
Average retail area per unit (sq.m.)	68.3	68.0	74.9	62.6	51.7	48.0	55.5	3.4%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.4	1.6	1.5	1.3	-0.7%

Source: National Bureau of Statistics of China

Hubei Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	112	115	114	137	136	160	176	7.4%
No. of stalls	52,776	51,796	49,508	75,711	76,834	86,895	89,248	9.2%
No. of stalls rented at year-end	n/a	n/a	n/a	66,404	72,997	79,159	81,416	7.0%
Retail area (million sq.m.)	2.8	3.1	3.2	4.7	5.1	5.9	5.6	12.2%
Sales turnover (RMB billion)	50.7	70.3	60.5	96.9	117.3	126.9	145.9	20.1%
Wholesale	36.0	53.7	43.9	70.6	85.2	100.2	108.8	20.1%
Retail	14.8	16.6	16.6	26.4	32.1	26.7	37.9	17.0%
Proportion of wholesale (%)	70.9	76.4	72.6	72.8	72.6	79.0	74.0	—
Average retail area per market (sq.m.)	25,054	26,722	28,153	33,956	37,787	37,075	31,818	4.1%
Average retail area per unit (sq.m.)	53.1	59.9	64.6	62.6	66.4	67.9	62.7	2.8%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.5	1.6	1.6	1.8	7.1%

Source: National Bureau of Statistics of China

Chongqing Municipality

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	76	76	83	101	107	119	129	9.4%
No. of stalls	53,941	55,044	58,880	75,205	76,661	89,250	93,544	8.4%
No. of stalls rented at year-end				67,992	68,626	80,570	85,298	7.9%
Retail area (million sq.m.)	2.8	3.2	4.0	4.8	5.0	5.9	6.2	14.2%
Sales turnover (RMB billion)	68.3	77.1	93.9	130.3	158.3	245.8	298.7	29.2%
Wholesale	55.9	63.1	76.4	108.4	134.9	202.3	243.8	27.8%
Retail	12.5	14.0	17.5	21.8	23.4	43.5	54.8	27.9%
Proportion of wholesale (%)	81.8	81.9	81.3	83.2	85.2	82.3	81.6	—
Average retail area per market (sq.m.)	37,382	42,500	48,652	47,297	46,271	49,244	48,062	4.3%
Average retail area per unit (sq.m.)	52.7	58.7	68.6	70.3	72.1	72.7	66.3	3.9%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.9	2.3	3.1	3.5	22.3%

Source: National Bureau of Statistics of China

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Growth Drivers of Wholesale Markets in the PRC

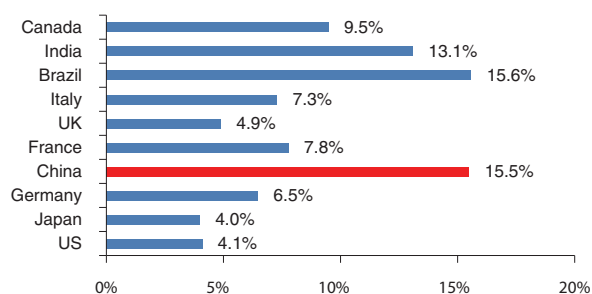
The Growth Potential of the Consumer Market in the PRC

According to data from the United Nations Statistics Division, in 2011, China was the third largest consumer market, based on household final consumption expenditure in the world, following the United States and Japan.

	Household final consumption expenditure (US\$ million)	GDP (US\$ million)	Consumer spending as % of GDP	% of world's consumer market
United States	10,729,000	14,991,300	71.6%	26.3%
Japan	3,540,647	5,870,357	60.3%	8.7%
China	2,524,608	7,203,784	35.0%	6.2%
Germany	2,068,046	3,604,061	57.4%	5.1%
France	1,600,399	2,775,518	57.7%	3.9%
United Kingdom	1,560,949	2,429,184	64.3%	3.8%
Brazil	1,494,169	2,476,651	60.3%	3.7%
Italy	1,346,989	2,195,938	61.3%	3.3%
India	1,063,162	1,897,608	56.0%	2.6%
Canada	993,020	1,736,869	57.2%	2.4%
World Total	40,776,758	70,201,920	58.1%	100%

Source: United Nations Statistics Division

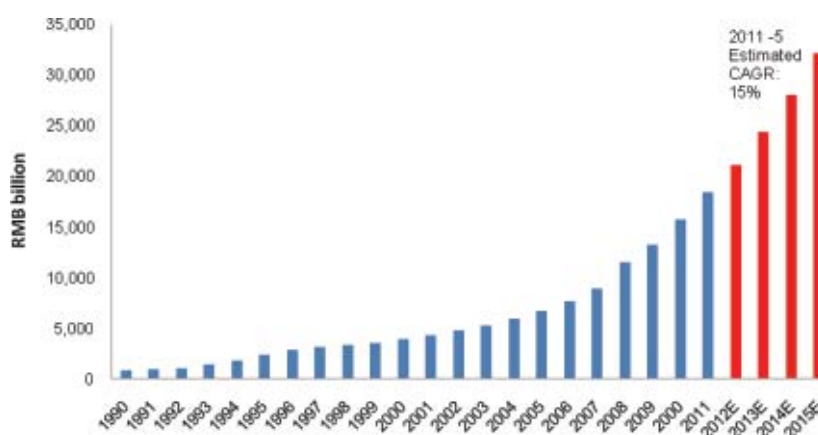
Consumer spending represented approximately 35.0% of China's GDP in 2011, which was the lowest as compared to the other top-10 countries and significantly lower than the world average of approximately 58.1%. In terms of consumption growth rate, however, China was ranked the second-highest among the top-10 countries at 15.5% from 2001 to 2011. The following chart sets forth the consumption growth rate of top-10 countries from 2001 to 2011:



Source: United Nations Statistics Division

In 2010, the Chinese government announced its commitment to stimulate domestic demand as a long-term strategic goal. The PRC government is committed to increasing its residents' disposable income by implementing initiatives such as increasing minimum wages, raising the threshold for income tax payments and establishing a well-developed social security system. These measures are expected to have a positive effect on domestic household consumption and consumer spending. According to the MOFCOM, total retail sales of consumer goods, a measurement which indicates the size of a domestic retail market and wholesale market, are expected to increase at a CAGR of 15% from 2011 to 2015, and to reach RMB32.0 trillion by the end of 2015.

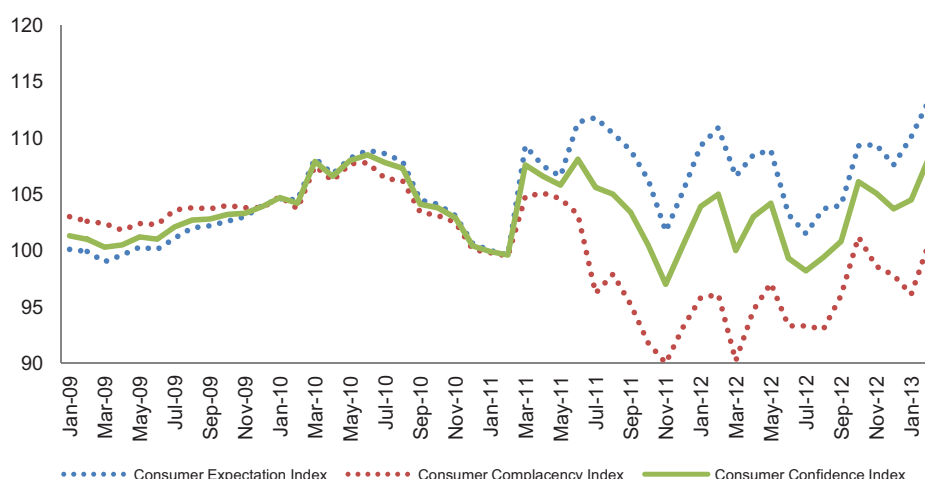
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Source: National Bureau of Statistics of China, MOFCOM

Recovering Consumer Confidence

China's consumer confidence index fluctuated in 2011 but has been mostly positive since the end of 2011. It rose to the highest level in 31 months in February 2013, which is a positive indicator for both retail and wholesale sectors.



Source: National Bureau of Statistics of China

Savills expects that wholesale markets will remain the most effective channel for the distribution of goods and products in China and the positive outlook of the wholesale and retail sectors will help accelerate the development of wholesale markets. Furthermore, wholesale markets featuring construction materials and decoration materials are expected to benefit from the PRC government's proposals in the 12th Five Year Guideline to build more affordable housing. As a result, it is expected that there will be a surge in demand for wholesale markets featuring construction materials and decorating materials.

PRC Government's Initiatives to Boost Domestic Consumption

The PRC government launched a RMB4.0 trillion stimulus program and a series of initiatives in 2009 to stimulate domestic consumption. A majority of these measures continued to be implemented after 2009. These stimulus measures mainly target the rural areas and selected sectors such as automobiles and home appliances. These measures are expected to continue to serve as a key growth driver of the wholesale and retail sectors, particularly in less-developed second- and third-tier cities.

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Growth of Online Retail

According to the China Internet Network Information Centre, as of December 31, 2012, there were a total of 564.0 million Internet users in China, with an Internet penetration rate of approximately 42.1%. The expanding Internet population in China has been a key growth driver for the online retail market. According to the MOFCOM, Chinese consumers spent RMB782.6 billion online in 2011, representing an increase of approximately 54.0% as compared to 2010. China is expected to become the world's largest e-commerce retail market at a total online shopping volume of approximately RMB5.9 trillion in 2013.

The growing trend of online shopping in recent years was, to a large extent, attributable to the growing number of price-sensitive consumers. This trend indicates that buyers are willing to shop across different platforms whereas wholesale markets can provide multiple sales platforms with auxiliary services, allowing wholesale markets to address the demand of this group of customers. While to a certain extent cannibalization does exist, Savills expects that online retail will remain to be a positive growth driver to wholesale markets in the near future, given that online retail constitutes only less than 4.2% of total retail sales in 2011. Savills expects a more positive growth to wholesale markets of the latest generation in which operators establish e-commerce platforms for traders and provide other auxiliary services on-site.

Outlook of Wholesale Markets in the PRC

Savills estimates that wholesale markets in China will continue to play an important role in China's economy. The sales turnover from wholesale markets increased approximately at a CAGR of 60.0% from 2008 to 2011 and reached RMB8.2 trillion as of 2011. Due to changes in consumer demand and employment of new technology and logistic techniques, the growth of wholesale markets primarily depends on product types and geographic locations.

Eastern Region

The eastern region, including the provinces of Jiangsu, Shandong and Zhejiang, comprises the backbone of the national industry. As of 2011, the eastern region markets accounted for 70.1% of all transactions in the nationwide markets. The growth of eastern region markets remained stable in the past four years.

Among all categories of products sold at specialized wholesale markets, capital goods, which are objects used in the production of other goods, are the leaders in terms of transaction amount. In addition, the market for furniture, hardware and decorating materials has shown a rapid growth. From 2008 to 2011, the sales turnover from such market increased at a CAGR of 22.4% and reached RMB310.0 million as of 2011. Due to convenient access to the seaports in the eastern region and the shortage of affordable housing for Chinese people, these products are projected to keep a dominant position in the wholesale markets in the eastern region.

Northeastern Region

The northeastern region has primarily relied on heavy industry as its economic base. Although the number of wholesale markets remained stable from 2008 to 2011, total sales turnover increased at a CAGR of 14.8% and reached RMB537.7 million as of 2011, in which the sales growth rate of integrated markets outpaced that of specialized markets. Savills believes that in the next few years, the wholesale market industry will continue to experience growing sales, but such growth will not be spread uniformly across all classes of goods.

Similar to the eastern region, sales of capital goods ranked at the top of total turnover of specialized wholesale markets, which comprised roughly 25.2% of all wholesale market transactions in the region. Moreover, the proportion of sales of capital goods remained stable over the past few

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years. Savills estimates that growth in sales of this category will remain fairly steady in the coming years. In addition, in the period of 2008 to 2011, automobiles, agricultural products and medical supplies were the top-three fast-growing segments, increasing at a CAGR of 29.9%, 25.5% and 24.1%, respectively, which demonstrated the demands of middle-class Chinese citizens.

Central Region

The central region has shown a rising economy in the past four years. From 2008 to 2011, the sales turnover of wholesale markets grew at a CAGR of 18.5% and reached RMB998.4 million as of 2011. As the growth in sales was significantly outpaced by the growth in retail, expansion of retail space will be expected in the near future.

Similar to the other regions, sales of capital goods ranked at the top of total turnover of specialized wholesale markets, which comprised roughly 17.8% of all wholesale market transactions in the region. Demand for medical supplies, electronics, furniture, hardware and motor vehicles increased at a CAGR of more than 20.0% from 2008 to 2011. Although these goods only accounted for 24.0% of all sales turnovers of the wholesale markets, Savills believes that they are leading the way in driving the growth of overall sales and will continue to be a growth driver for the region's markets because local residents are eager to have their first car and house and the latest electronic gadgets.

Western Region

The total turnover of wholesale markets in the western region increased at a CAGR of 21.3% from 2008 to 2011 and reached RMB912.8 million as of 2011, during which period the turnover of specialized wholesale markets increased at a CAGR of 22.0%. Savills estimates that the western region possesses the greatest growth potential in the coming years.

Capital goods and agricultural goods ranked as the top two in sales amount from 2008 to 2011. However, sales of electronics, daily household items, motor vehicles, and medical supplies increased significantly during the same period. With the development of the economy in the western region, some goods have become more affordable for average citizens and demand for these goods is projected to continue to increase in the next decade.

Competition

The wholesale markets are highly fragmented while specialized wholesale markets have emerged as a dominant market format. In addition, wholesale markets have tended to be large-scale and integrated, with more professionalized features characterized by provision of a varied range of services, such as logistics, tourism, financing, real estate and other auxiliary services that aim to support wholesalers' and buyers' transaction of business in some mega-sized wholesale markets. Developers and operators of specialized wholesale markets are predominantly government-related entities and most of them operate within a single city. Over time, these markets gradually formed market clusters. A limited number of these market clusters, such as Zhejiang China Commodities City Group Co., Ltd. and Haining China Leather Market Co., Ltd., are expanding to other cities. While a large number of private developers have entered into this market, only a small number of private developers have established a regional or national footprint.

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The following table sets forth the top-10 developers and operators of wholesale markets in terms of total GFA in China as of December 31, 2012:

Ranking	Company	Property	Provinces	Cities	Total GFA (sq. m.)
1	China South City Holdings Limited 華南城控股有限公司	Various	Shenzhen Jiangxi Guangxi Shaanxi Guangdong Heilongjiang	Shenzhen Nanchang Nanning Xian Heyuan Harbin	Approx 4,600,000
2	Zhejiang China Commodities City Group Co., Ltd. 浙江中國小商品城集團股份有限公司	Yiwu China Commodities City 義烏中國小商品城	Zhejiang	Jinhua	Approx 4,000,000
3	Wuzhou International Holdings Limited 五洲國際集團有限公司	Various	Jiangsu Shandong Hubei Chongqing Yunnan	Wuxi Yancheng Leling Yantai Xiangyang Chongqing Dali	Approx 3,700,000
4	Zall Development Group Ltd. 卓爾發展有限公司	North Hankou International Commodity Exchange Center 漢口北國際商品交易中心	Hubei	Wuhan	Approx 3,200,000
5	Yunnan Zhonghao Real Estate Co., Ltd. 雲南中豪置業有限責任公司	Kunming Luosiwang International Trade City 昆明螺螄灣國際商貿城	Yunnan	Kunming	Approx 3,000,000
6	Changshu Apparel City Group Co., Ltd. 常熟服裝城集團有限公司	Changshu Apparel City 常熟服裝城	Jiangsu	Changshu	Approx 3,000,000
7	Guangxi Gui Jia Hui Real Estate Group Ltd. 廣西桂嘉匯房地產集團有限公司	Da Jia Hui ASEAN Construction and Furniture City 大嘉匯•東盟建材家居城	Guangxi	Nanning	Approx 3,000,000
8	Zhejiang China Light & Textile Industrial City Group Co. Ltd. 浙江中國輕紡城集團股份有限公司	China Light & Textile Industrial City 中國輕紡城	Zhejiang	Shaoxing	Approx 2,840,000

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Ranking	Company	Property	Province	Cities	Total GFA (sq. m.)
9	Yifeng Group 億豐企業集團	Various			Approx 2,803,000
10	Haining China Leather Market Co., Ltd. 海寧中國皮革城股份有限公司	Various	Zhejiang Liaoning Henan Beijing Sichuan Jiangsu	Jiaxing Tongerbao Xinxiang Beijing Chengdu Shuyang	Approx 2,623,000

The following table sets forth the top-10 developers and operators of wholesale markets in terms of the total number of projects in China as of December 31, 2012:

Ranking	Company	Provinces	Total No. of properties
1	Ganglong 港龍控股集團	Jiangsu Zhejiang Liaoning	17
2	Yifeng Enterprise Group 億豐企業集團	Anhui Shandong Jiangsu Hubei Shanghai Zhejiang	13
3	Wuzhou International Holdings Limited 五洲國際集團有限公司	Jiangsu Chongqing Yunnan Shandong Hubei	10
4	China South City Holdings Ltd. 華南城控股有限公司	Shenzhen Guangdong Guangxi Jiangxi Shaanxi Heilongjiang	6
5	Haining Zhongguo Leather City 海寧中國皮革城	Zhejiang Henan Beijing Sichuan Liaoning	6
6	Hydoo Group	Hunan Sichuan Shandong Jiangxi Guangxi	6
7	Hangzhou Zhonglun Holding Group 杭州中倫控股集團	Jiangsu Inner Mongolia Anhui Jilin	4

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Ranking	Company	Province	Total No. of Properties
8	Xinjiang Hualing Trade and Industry (Group) Limited 新疆華凌工貿（集團）有限公司	Xinjiang Inner Mongolia	4
9	Nanxiang Wanshang (Anhui) Logistics Industry Co., Ltd. 南翔萬商（安徽）物流產業股份有限公司	Hunan Gansu	3
10	Zhejiang China Science and Hardware City Group Co., Ltd. 浙江中國科技五金城集團有限公司	Zhejiang Liaoning	2

Note:

Findings of the Savills Wholesale Market Mall Survey are prepared based on the following assumptions and methodologies:

- (i) The top-10 wholesale market developers and operators are measured and ranked in terms of the aggregate GFA of wholesale market projects completed, under development or held for future development as of December 31, 2012.
- (ii) Wholesale markets refer to specialized wholesale market as classified by the National Bureau of Statistics of China, as to the specific products group these specialized wholesale markets carried: clothing, shoes and headgear; food, beverage and tobacco; metal; building materials; pharmaceuticals and medical equipment; furniture; and small commodities. These specialized wholesale markets have evolved to become mostly large-scale integrated projects which provide different functions and ancillary services and facilities such as wholesale marts, logistics and storage facilities for merchandise, office and accommodation facilities, hotels, food and beverage and dining services, exhibition halls and arenas, and car parking facilities for traders and buyers. These functions are integrated to the extent that they should be treated as a whole and, in this survey, total GFA shall cover the aggregate floor space of all these functional areas within a project or development and shall not be restricted to the trading area of specialized wholesale markets as sometimes employed by the National Bureau of Statistics of China.
- (iii) Data for multi-functional commercial complexes are obtained and derived from (1) property listings from China Real Estate Information Corporation ("CRIC") and China Real Estate Index System ("CREIS"), (2) company annual reports and announcements, and other public information available on the Internet, (3) Savills' proprietary data on specialized wholesale markets.

MULTI-FUNCTIONAL COMMERCIAL COMPLEXES IN THE PRC

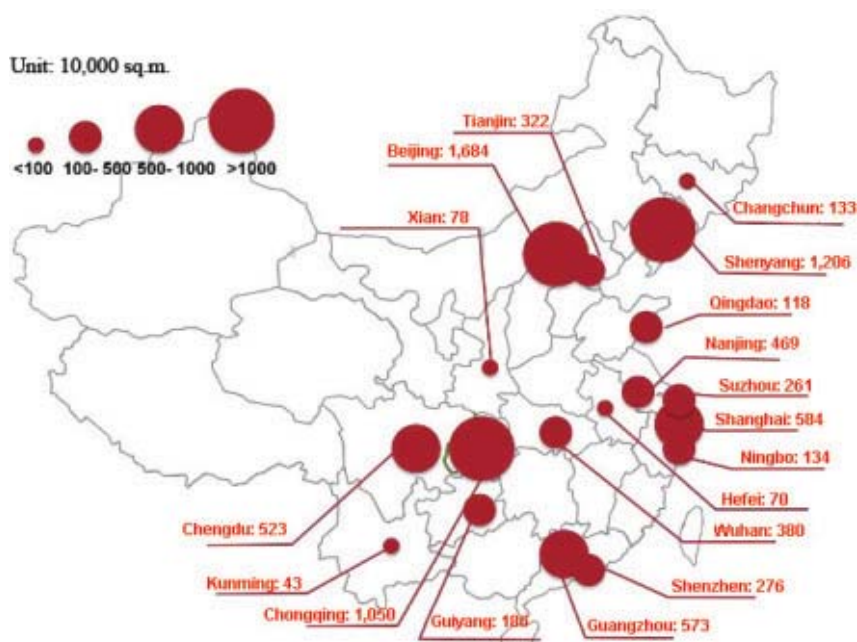
Overview

Multi-functional commercial complexes are mixed-use developments with added elements. Savills defines multi-functional commercial complex as a real estate development project which has an integration or combination of at least three of the following functions: retail, office, residential, hotel, recreation and other functions, with an aggregate area exceeding 100,000 sq.m.

According to a survey on 18 first- and second-tier cities in China conducted by CRIC, as of December 2011, the total size of multi-functional commercial complexes in these 18 cities reached 84.8 million sq.m., and the number of multi-functional commercial complexes reached 210.

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The following map sets forth the distribution and size of multi-functional commercial complexes as of December 2011 in 18 selected cities in China.



Source: CRIC

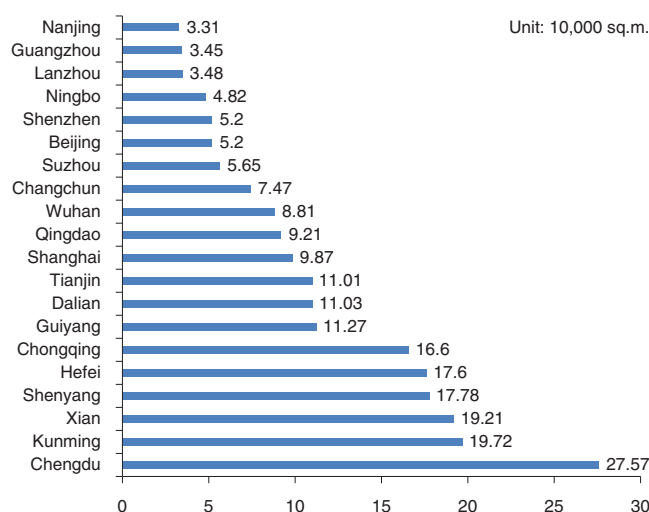
The survey by CRIC also indicated that, in terms of total GFA, 50.0% of the multi-functional commercial complexes are located in newly developed city districts, whereas only 17.2% are situated in the core or downtown areas of a city. In addition, approximately 56.9% of the multi-functional commercial complexes are situated with convenient transportation, such as metro or light rail. The development of multi-functional commercial complexes has been, and is expected to continue to be, dependent upon the availability and provision of a well-planned transportation network, and the rapid development of China's metro and rail plan in the next 10 years is expected to facilitate the development of multi-functional commercial complexes.

According to another survey conducted by CRIC on 20 major cities in China, multi-functional commercial complexes will experience exponential growth through 2015. It is estimated that the total number of multi-functional commercial complexes in those 20 major cities will increase from 131 in 2010 to 330 in 2015, and the total GFA of multi-functional commercial complexes will increase to 164.4 million sq.m. in 2015.

New multi-functional commercial complexes are expected to be concentrated in the central and western regions of China. Chengdu is expected to experience the highest growth rate with an additional 27.6 million sq.m. of multi-functional commercial complexes to be completed by 2015.

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The following chart sets forth the estimated supply of multi-functional commercial complexes in the next three to five years:



Source: CRIC

Commercial Complexes in the Yangtze River Delta Area

Despite the affluence of the population and the rapid economic development within the Yangtze River Delta Area, development of multi-functional commercial complexes came relatively late except in Shanghai, where large-scale mixed-use property developments commenced in the late 1990s. According to Savills, although there are no official statistics about the total size of this market, it is estimated that total GFA of multi-functional commercial complexes in the Yangtze River Delta Area reached approximately 25 million sq.m. as of 2011, with the majority of these projects located in Shanghai, Nanjing, Wuxi, Suzhou, Hangzhou and Ningbo. In the 16 major cities of the Yangtze River Delta Area, multi-functional commercial complexes are rare as these cities are predominantly occupied by traditional retail venues such as department stores, supermarkets, neighborhood shopping malls or stand-alone office buildings.

The major breakthrough of multi-functional commercial complexes in the Yangtze River Delta Area can be traced back to established brands such as Raffles City and Plaza 66 in Shanghai, and the opening of the MixC in Hangzhou in 2009. These successful projects increased the confidence of developers to replicate the model in the untapped second- and third-tier cities in the Yangtze River Delta Area, which have the highest urbanization rate and most affluent population in China, intensive construction of infrastructure and convenient transportation facilities. The cities with metro rails in operation or under construction, such as Shanghai, Nanjing, Suzhou, Hangzhou, Wuxi and Ningbo, have advantages for the development of multi-functional commercial complexes and the developers can easily penetrate into those county-level cities or new city districts in suburban areas.

Growth Drivers of Commercial Complexes in the PRC

Accelerating Urbanization in China

China's urbanization rate was 47% in 2010, according to the Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, which was lower than most developed countries in the world. According to the National Bureau of Statistics, by the end of 2012, China had a total urban population of 711.8 million, or 52.6% of the total population, compared to 26% in 1990. China's urbanization rate is expected to accelerate by 1% every year for the next 20 years. As projected by the China Centre for International Economic Exchanges (“CCIEE”), China's urbanization rate will reach 57% in 2020, and approximately 70% by the end of 2030. The 12th Five Year Plan continues to support urbanization across the country.

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CCIEE estimates that when one rural resident moves to an urban area, such move will lead to an investment of approximately RMB100,000 on infrastructure construction and public services. According to the Ministry of Housing and Urban-Rural Development, from 2010 to 2025, 300 million rural residents will move into cities and, thus, will lead to investments of at least RMB1 trillion on infrastructure construction and public services. In the next 15 years, approximately 240 million rural residents are expected to move into emerging cities. The accelerating urbanization will stimulate economic growth, as well as create demand for better quality housing and lifestyle amenities in emerging cities.

Higher Disposable Income Levels of Urban and Rural Households

China’s economic growth has resulted in increasingly higher disposable income, which in turn has driven the growth in consumer demand for goods and services. Disposable income levels have increased rapidly in tandem with the rapid growth of the overall Chinese economy. While disposable incomes of rural households have increased in past years, such households’ growth rate is much lower than that of the urban households. The PRC government is committed to reducing the income gap between urban and rural workers. The 12th Five Year Plan proposes to increase the minimum wage levels and extend the coverage of social welfare and health care systems. It is expected that wages will continue to increase by a CAGR of 13% annually through 2015.

Continuous Growth of the Retail Market and Household Consumption

Retail sales of consumer goods experienced rapid growth in the past 20 years. The total sales value increased to RMB21 trillion in 2012, as compared to RMB830 billion in 1990. It is expected that further growth in the retail market will arise from second-tier cities in central and southwestern China as there is more space for expansion, compared to well-established eastern coastal regions.

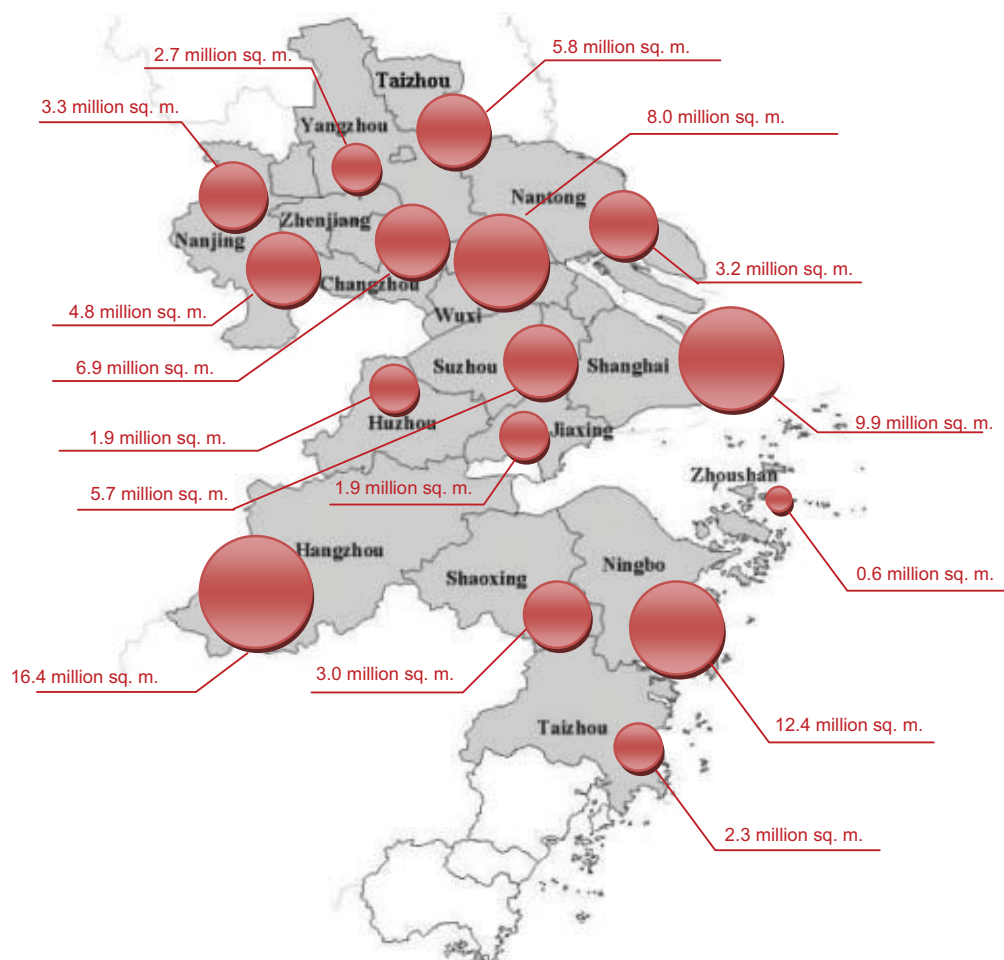
The Economist Intelligence Unit (“EIU”), forecasts that retail sales in China will experience strong growth at an average rate of 10.2% per year from 2012 to 2016. EIU forecasts further that retail sales will be supported by the PRC government’s efforts to encourage consumption.

Outlook of Commercial Complexes in the Yangtze River Delta Area

Savills estimates that the supply of multi-functional commercial complexes in the Yangtze River Delta Area will experience an exponential growth, with a total GFA of multi-functional commercial complexes exceeding 89 million sq.m. in the next three years by the end of 2015, and the total number of new multi-functional commercial complexes will exceed 240 by the end of 2015.

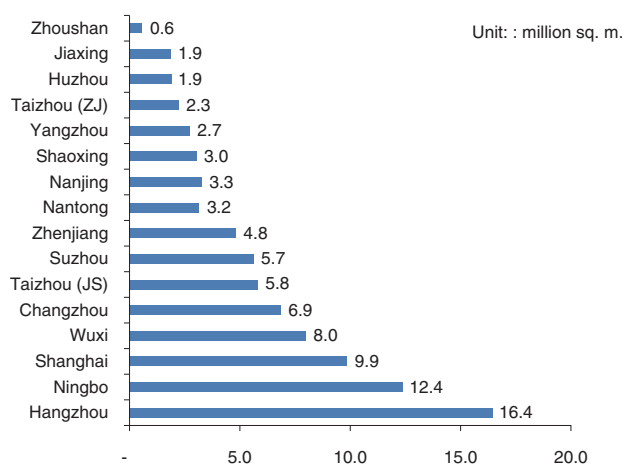
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The following diagram sets forth the expected multi-functional commercial complexes to be completed within the next three years in the 16 major cities of Yangtze River Delta Area:



Source: various sources, compiled by Savills

The following chart sets forth the estimated supply of multi-functional commercial complexes in the Yangtze River Delta Area by the end of 2015:



Source: various sources, compiled by Savills

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Competition

The multi-functional commercial complexes market in China is highly competitive. A small number of developers and operators, such as Dalian Wanda Commercial Properties Co., Ltd., China Resources Land Limited and COFCO Properties, are operating on a national scale, while most of the other players are operating in a single city or region. Many real estate developers are actively involved in the development and operation of multi-functional commercial complexes in different provinces. Some large-scale national and regional property developers have also entered into certain second- and third-tier cities.

Competition is based on a broad range of factors, including location, facilities, pricing, service quality and brand recognition. In general, large-scale national or regional developers have competitive advantages in all of these areas.

According to Savills, there are at least over 300 market players engaging in the development of multi-functional commercial complexes in the Yangtze River Delta Area. While the market seems to be fragmented and highly competitive, the top-20 developers occupy approximately 70% of the market share in terms of total completed and planned GFA.

The following table sets forth the top-20 developers and operators of multi-functional commercial complexes in the Yangtze River Delta Area in terms of total GFA as of December 31, 2012:

Ranking	Company	Total GFA (sq. m.)
1	China Greenland Group 中國綠地集團	Approx 15,930,000
2	Dalian Wanda Commercial Properties Co., Ltd. 大連萬達商業地產股份有限公司	Approx 9,954,000
3	Shimao Property Holdings Limited 世茂房地產控股有限公司	Approx 5,270,000
4	Golden Eagle Group Limited 金鷹國際集團	Approx 4,501,000
5	Powerlong Real Estate Holdings Limited 寶龍地產控股有限公司	Approx 2,722,000
6	China Resources Land Limited 華潤置地有限公司	Approx 2,579,000
7	Sunshine 100 Real Estate Group 陽光100置業集團	Approx 2,350,000
8	Suning Estate Group 蘇寧置業	Approx 2,329,000
9	Mingfa Group (International) Co., Ltd. 明發集團（國際）有限公司	Approx 2,001,000
10	Suzhou Industrial Park Jinji Lake Urban Development Co., Ltd. 蘇州工業園區金雞湖城市發展有限公司	Approx 1,820,000
11	Wuzhou International Holdings Limited 五洲國際集團有限公司	Approx 1,790,000
12	China Yintai Holdings Co., Ltd. 中國銀泰投資有限公司	Approx 1,731,000
13	Henderson Land Development Co., Ltd. 恒基兆業地產有限公司	Approx 1,600,000
14	SHK Properties Ltd. 新鴻基地產集團有限公司	Approx 1,541,000

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Ranking	Company	Total GFA (sq. m.)
15	CapitaLand China Holdings Limited 凱德置地中國有限公司	Approx 1,508,000
16	The Wharf (Holdings) Ltd. 九龍倉集團	Approx 1,341,000
17	CITIC Pacific Limited 中信泰富有限公司	Approx 1,385,000
18	Suzhou Harmony Development Group Co., Ltd. 蘇州圓融發展集團有限公司	Approx 1,138,000
19	KWG Property Holding Limited 合景泰富地產控股有限公司	Approx 1,000,000
20	Hang Lung Properties Limited 恒隆地產發展有限公司	Approx 861,000

Note:

Findings of the Savills Yangtze River Delta Area Survey are prepared based on the following assumptions and methodologies:

- (i) The top-20 multi-functional commercial complexes developers and operators are measured and ranked in terms of the aggregate GFA of multi-functional commercial complex projects developed, under development or held for future development as of December 31, 2012.
- (ii) 'Multi-functional commercial complexes' refers to real estate development projects in the form of mixed-use developments with more than three designated uses, with a total GFA of not less than 100,000 sq.m. Development projects in the form of single block retail schemes (shopping malls or community shopping centers) or commercial shopping streets (open or enclosed retail shop spaces) do not count as multi-functional commercial complexes for this purpose.
- (iii) Data for multi-functional commercial complexes are obtained and derived from (1) property listings from CRIC and CREIS, (2) company annual reports and announcements, and other public information available on the Internet, and (3) Savills' proprietary data on multi-functional commercial complexes.
- (iv) In 2010, Savills adopted the State Council's geographical definition of the Yangtze River Delta Area, which includes Shanghai Municipality; Nanjing, Suzhou, Wuxi, Changzhou, Zhenjiang, Nantong, Yangzhou and Taizhou in Jiangsu Province; and Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan and Taizhou in Zhejiang Province, or 16 cities in aggregate.

The multi-functional commercial complexes market in Jiangsu Province is highly competitive, especially in some key cities, such as Nanjing, Suzhou and Wuxi. These cities are the most affluent in Jiangsu Province and in China, having a strong base in economic and industrial development. In addition, Nanjing and Suzhou are currently the only two cities in Jiangsu Province with metro rail in operation, while Wuxi is expected to construct metro rail in 2014. It is estimated that the investment in and construction of multi-functional commercial complexes will experience rapid growth due to the improvement of the transportation network as well as supportive government policies.

In particular, the multi-functional commercial complexes market in Wuxi is expected to experience rapid growth, to reach over 30 projects by 2015, with a total GFA of new projects exceeding 8 million sq.m.

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The following table sets forth the top-10 developers and operators in multi-functional complexes in the Yangtze River Delta Area in terms of the total number of projects as of December 31, 2012:

<u>Ranking</u>	<u>Name of Company</u>	<u>Location</u>	<u>No of Properties</u>
1	China Greenland Group 中國綠地集團	Shanghai Suzhou Kunshan Jiaxing Zhenjiang Lianyungang Nanjing Yangzhou Xuzhou	22
1	Dalian Wanda Commercial Properties Co., Ltd. 大連萬達商業地產股份有限公司	Ningbo Shaoxing Wenzhou Shanghai Suzhou Wuxi Huaian Zhenjiang Nanjing Taizhou Changzhou Jiangyin Taicang Yixing Xuzhou	22
3	Wuzhou International Holdings Limited 五洲國際集團有限公司	Wuxi Hangzhou Jiangyin Yancheng Huaian Nantong	13
4	Golden Eagle Group Limited 金鷹國際集團	Nanjing Taizhou Kunshan Yancheng Lianyungang Shanghai	11
5	Powerlong Real Estate Holdings Limited 寶龍地產控股有限公司	Wuxi Yancheng Yangzhou Zhenjiang Suzhou Changzhou Shanghai Hangzhou	11

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Ranking	Name of Company	Location	No. of Properties
6	Suning Estate Group 蘇寧置業	Wuxi Nanjing Lianyungang Xuzhou Shanghai Huaian Zhenjiang Suqian	10
7	CapitaLand China Holdings Limited 凱德置地中國有限公司	Shanghai Hangzhou Suzhou	7
8	China Resources Land Limited 華潤置地有限公司	Wuxi Taizhou Changzhou Ningbo Hangzhou Shanghai	6
9	Mingfa Group (International) Co., Ltd. 明發集團(國際)有限公司	Nanjing Wuxi Yangzhou Zhenjiang	6
10	China Yintai Holdings Co. Ltd. 中國銀泰投資有限公司	Hangzhou Ningbo Taizhou	6

Note:

The Savills findings are prepared upon the following assumptions and methodologies:

- (i) The top-10 multi-functional commercial complex developers and operators are measured and ranked in terms of the aggregate number of multi-functional commercial complex projects completed, under development or held for future development as of December 31, 2012.
- (ii) 'Multi-functional commercial complexes' refers to real estate development projects in the form of mixed-use developments with more than three designated uses, but without any area specification, which will include projects that have been completed with a smaller size and scale. Development projects in the form of single block retail schemes (shopping malls or community shopping centers, etc.) or commercial shopping streets (open or enclosed retail shop spaces) do not count as multi-functional commercial complexes for this purpose.
- (iii) Data for multi-functional commercial complexes are obtained and derived from (1) property listings and databanks from CRIC and CREIS, (2) company annual reports and announcements, and other public information available from the web, and (3) Savills' proprietary data on multi-functional commercial complexes.
- (iv) In 2010, Savills adopted the State Council's geographical definition of the Yangtze River Delta Area, which includes Shanghai Municipality; Nanjing, Suzhou, Wuxi, Changzhou, Zhenjiang, Nantong, Yangzhou, and Taizhou in Jiangsu Province; and Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan, and Taizhou in Zhejiang Province, or 16 cities and locations in aggregate.

PRICES OF CONSTRUCTION MATERIALS AND OTHER RAW MATERIALS

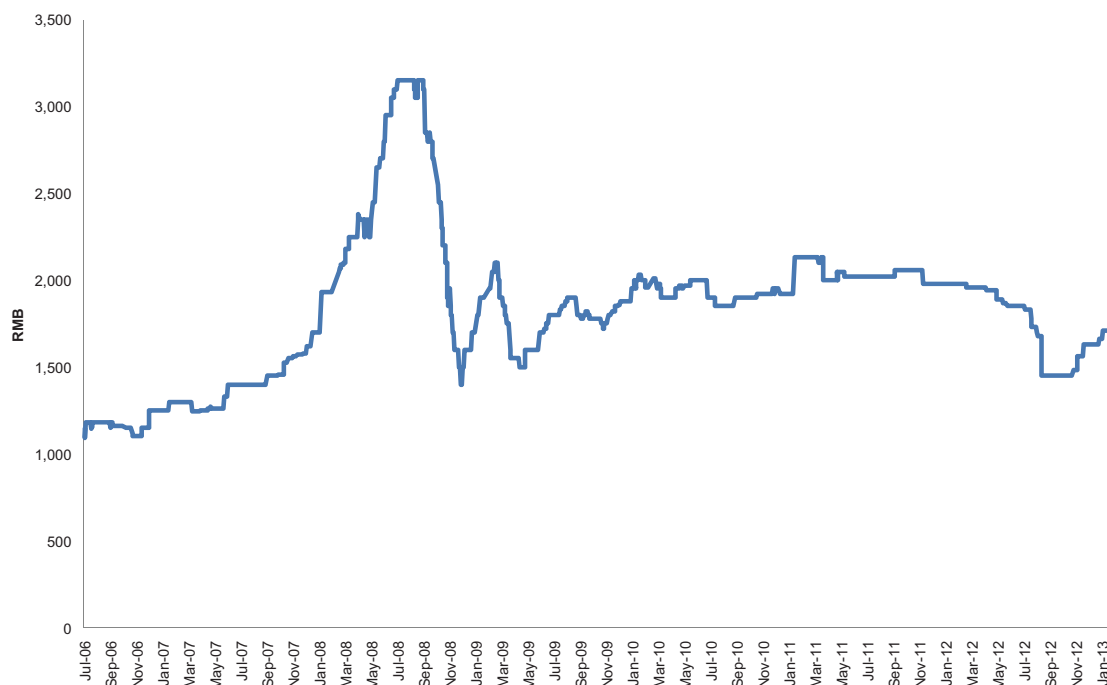
According to Savills, prices of construction materials, such as steel, and other raw materials, such as coking coal, reached historical highs in August 2008.

The coking coal price decreased during the period from August 2008 to October 2012. The price has rebounded since November 2012. As of January 2013, the price of coking coal was approximately 54.3% of its historical high price reached in August 2008.

OUR INDUSTRY

The following chart sets forth the coking coal price (RMB per tonne) in China from July 2006 to January 2013:

Coking Coal Price in China, July 2006 to January 2013

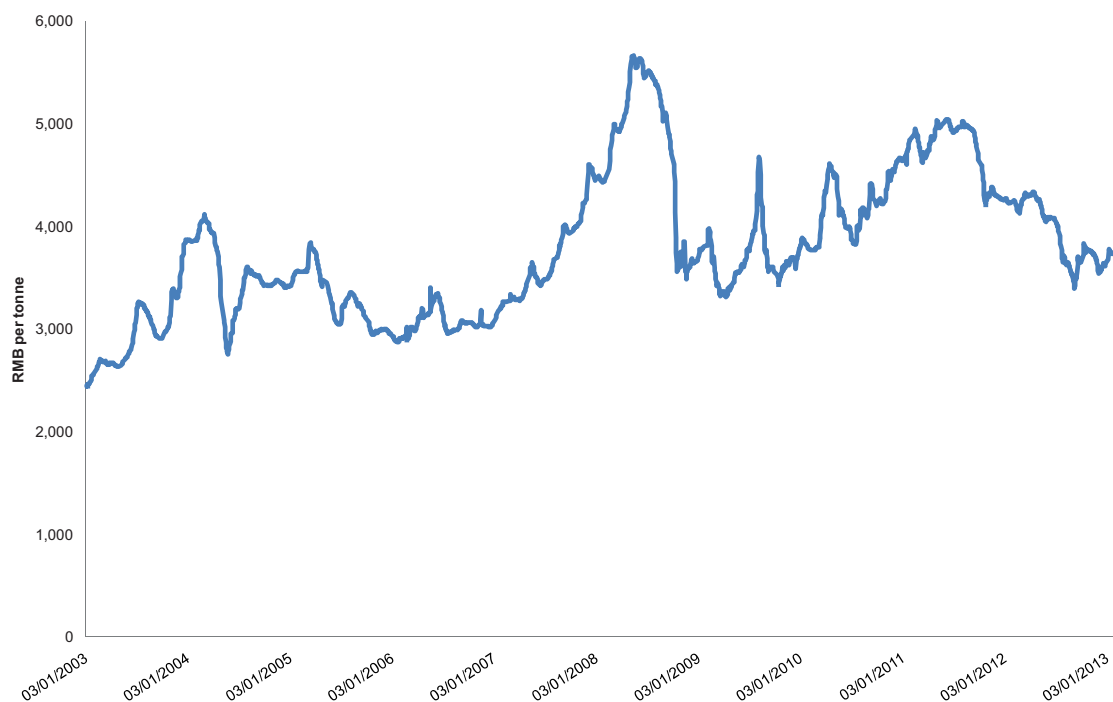


Source: Bloomberg. ‘Coking coal price’ refers to the spot price for coke traded in Shanghai, with specifications of over 83% carbon, ash content less than 13%, sulphur less than 0.7%, and moisture content less than 8%. Prices include VAT.

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Steel price in China is highly volatile and is correlated with the price of coking coal, the raw material used in steel production. As of January, 2013, steel price was approximately 66.2% of its historical high reached in June 2008. The following chart sets forth steel price (RMB per tonne) in China from January 2003 to January 2013:

Steel Price in China, January 2003 to January 2013



Source: Bloomberg. 'Steel Price' refers to the spot average price in China for 25 mm steel rebar, most commonly used in the construction industry for dwellings and houses.

According to Savills, steel price decreased moderately in 2012. Prices of other construction materials, such as cement, concrete and tempered glass, as well as labor costs, however, remained relatively flat in 2012. Savills expects that overall construction costs in 2013 will remain at the same level as in 2012 and, therefore, will not have a material adverse impact on real estate developers in China.

HISTORY AND REORGANIZATION

OUR HISTORY

The following are some of the important milestones in our history:

Year	Event
December 2004	Our Group established its first real estate development company in the PRC, Wuxi Zhongnan, during which we began planning for our first large-scale project, Wuxi Wuzhou International Industrial Exhibition City, with a total floor area of over 700,000 sq.m.
February 2005	We commenced our second large-scale project, Wuxi Wuzhou International Ornament City, with a total floor area of over 390,000 sq.m.
November 2005	Wuzhou Int’l Group Investment was established in Hong Kong.
January 2006	We established our own business management company, Wuxi Business Management. It enabled us to provide professional and specialized management for our projects, and facilitate our business operations.
October 2006	Phase I of Wuxi Wuzhou International Ornament City came into operation.
December 2007	We commenced our Group’s first urban complex project, Wuxi Wuzhou International Columbus Plaza.
July 2009	Phase I of Wuxi Wuzhou International Industrial Exhibition City came into operation.
September 2009	We expanded our ventures to Hangzhou and other cities in the Yangtze River Delta Area, and the Hangzhou Wuzhou International Plaza project. During the same period, we established International Marketing Development.
January 2010	We commenced the Meicun Wuzhou International Plaza project, our first multi-functional commercial complex project in Wuxi Meicun. Together with our other earlier projects, our Group became the leader of commercial property development and operation in Wuxi.
May 2010	We established Hong Kong Wuzhou in Hong Kong and have managed our business via Hong Kong Wuzhou since then.
September 2010	We started to expand our ventures to the mid-western area of the PRC, and then to the southwestern area in October 2010, where we commenced our Rongchang Wuzhou Hardware Ornament City project and Dali Wuzhou International Trade City project in the respective regions.
May 2011	Our first gourmet-themed commercial complex project, Wuxi Wuzhou International Chinese Food Culture Exposition City, came into operation.
June 2011	Phase II of our Wuxi Wuzhou International Ornament City project, Wuzhou International Commodity Expo City, came into operation.
October 2011	Phase II of Wuxi Wuzhou International Columbus Plaza, Longan Department Store (龍安百貨), came into operation. In the same year, we were recognized as a Top-10 Branded Developer of China Commercial Real Estate Projects of 2011 by the Chinese Real Estate Investment and Development Association and the Best Commercial Property Operator in China of 2011 by the Organizing Committee of the 12 th China Commercial Property Retailer Fair.
June 2012	Meicun Wuzhou International Plaza came into operation.
November 2012	Dali Wuzhou International Trade City came into operation.
February 2013	China Longkou Wuzhou International Trade City, the third of our developments in Shandong Province, commenced construction.
April 2013	Jianhu Wuzhou International Trade City commenced construction.

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Overview

Our Group was established by Shu Cecheng, one of our Controlling Shareholders and Directors, in December 2004 with the incorporation of Wuxi Zhongnan for the development of specialized wholesale markets and multi-functional commercial complexes. Prior to that, Shu Cecheng was involved in the trading and manufacturing business during which he gradually became involved in and gained insights into the real estate business. In 2004, Shu Cecheng together with his friends Xia Jinlin (夏金霖) and Lin Kewen (林克文) decided to venture into the PRC real estate business and established our first project company, Wuxi Zhongnan.

The history and development of the major subsidiaries of our Group since their establishment and prior to the commencement of our Reorganization are set forth below:

Development of our operation in Jiangsu Province

Establishment of Wuxi Zhongnan

Our Group’s first real estate development project was the large-scale development of Wuxi Wuzhou International Industrial Exhibition City in New District, Wuxi, Jiangsu Province. We developed this project through Wuxi Zhongnan and funding was split amongst the shareholders in accordance with their equity participation. Wuxi Zhongnan’s initial share capital was held 50% by Shu Cecheng, 25% by Xia Jinlin and 25% by Lin Kewen. The historical shareholding transfers of Wuxi Zhongnan before our Reorganization are set out below:

On June 28, 2005, to the best of our knowledge, Lin Kewen wanted to exit from the business to release capital for other potential business opportunities and transferred 18% and 7% of his interest in Wuxi Zhongnan to Shu Cewan and Xia Jinlin (夏金霖) respectively, an independent third party to the best of our knowledge, at a consideration of RMB1.8 million and RMB0.7 million, respectively, determined on the basis of the registered capital of Wuxi Zhongnan. After the equity transfers, Wuxi Zhongnan was owned by Shu Cecheng, Xia Jinlin and Shu Cewan, 50%, 32% and 18% respectively.

On August 23, 2006, due to differences in commercial views and objectives, Xia Jinlin transferred his 32% interest in Wuxi Zhongnan to Shu Cewan for a consideration of RMB3.2 million, determined on the basis of the registered capital of Wuxi Zhongnan. After the transfer, Wuxi Zhongnan was owned by Shu Cecheng and Shu Cewan, 50% and 50% respectively.

On November 21, 2006, Shu Cewan transferred his 50% interest in Wuxi Zhongnan to Shanghai Jiuliang Investment Development Co., Ltd.* (上海久良企業投資發展有限公司) (“**Shanghai Jiuliang**”), an independent third party to the best of our knowledge, for a consideration of RMB5 million, determined on the basis of the registered capital of Wuxi Zhongnan. Shanghai Jiuliang had been interested in developing a project with us when it decided to invest in Wuxi Zhongnan and it was agreed that Shu Cewan should transfer his 50% interest to effect such investment. On the same day, Shu Cecheng transferred his 1% interest in Wuxi Zhongnan to Shanghai Jiuliang for a consideration of RMB0.1 million. After such equity transfers, Wuxi Zhongnan was owned by Shu Cecheng and Shanghai Jiuliang, 49% and 51% respectively.

On February 14, 2007, Shanghai Jiuliang transferred its 51% interest in Wuxi Zhongnan to Shu Cewan at a consideration of RMB5.1 million, determined on the basis of the registered capital of Wuxi Zhongnan, as, to the best of our knowledge, Shanghai Jiuliang decided to engage the capital in other potential projects. After such equity transfer, Wuxi Zhongnan was owned by Shu Cecheng and Shu Cewan, 49% and 51% respectively.

On March 13, 2007, the registered capital of Wuxi Zhongnan was increased from RMB10 million to RMB20 million. The additional capital of RMB10 million was contributed by Shu Cecheng, Shu

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Cewan and Zhang Yuexian (張月賢), an independent third party to the best of our knowledge, in the amounts of RMB3.1 million, RMB0.9 million and RMB6 million respectively. After the capital injection, the shareholding of Shu Cecheng, Shu Cewan and Zhang Yuexian in Wuxi Zhongnan was 40%, 30% and 30% respectively.

On June 23, 2008, Zhang Yuexian transferred his 20% and 10% interests in Wuxi Zhongnan to Shu Cewan and Shu Cecheng for consideration of RMB4 million and RMB2 million, respectively, determined on the basis of the registered capital of Wuxi Zhongnan. To the best of our knowledge, Zhang Yuexian decided to exit the investment due to personal business reasons. After such equity transfers, Wuxi Zhongnan was owned by Shu Cecheng and Shu Cewan, 50% and 50%, respectively.

On July 28, 2008, Shu Cewan transferred his 10% interests in Wuxi Zhongnan to Cai Xiaoming (蔡曉明), an independent third party who had expressed an interest in investing in Wuxi Zhongnan, at a consideration of RMB2 million, determined on the basis of the registered capital of Wuxi Zhongnan. On the same day, Shu Cewan also transferred 10% of his interest in Wuxi Zhongnan to Yan Daoliang (嚴道量) at a consideration of RMB2 million. Yan Daoliang was a deputy general manager of Wuxi Zhongnan at the time of transfer until January 2011 and was interested in investing in the company. After such equity transfers, Wuxi Zhongnan was owned by Shu Cecheng, Shu Cewan, Cai Xiaoming and Yan Daoliang, 50%, 30%, 10% and 10% respectively.

On January 14, 2011, in anticipation of the forthcoming Reorganization processes and the intention of Cai Xiaoming and Yan Daoliang to exit their investment for personal business reasons, Shu Cecheng, Shu Cewan, Cai Xiaoming and Yan Daoliang transferred their respective 50%, 30%, 10% and 10% interests in Wuxi Zhongnan to Wuxi Wuzhou Investment for consideration of RMB10 million, RMB6 million, RMB2 million and RMB2 million, respectively, determined on the basis of the registered capital of Wuxi Zhongnan. After such equity transfers, Wuxi Zhongnan was 100% owned by Wuxi Wuzhou Investment.

On March 1, 2012, the registered capital of Wuxi Zhongnan was increased from RMB20 million to RMB36.614 million. The additional capital of RMB16.614 million was contributed by Wuxi Wuzhou Investment.

All the above-mentioned transfers have been legally and properly settled. Wuxi Wuzhou Investment subsequently transferred its 100% shareholding in Wuxi Zhongnan to Wuxi Wuzhou Ornament City, as set out in the section headed “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuxi Zhongnan”.

Establishment of Wuxi Wuzhou Ornament City

In early 2005, we began to develop our first specialized wholesale market project through the establishment of Wuxi Wuzhou International Ornament City in Huishan District, Wuxi, Jiangsu Province. The project was developed by our wholly-owned subsidiary Wuxi Wuzhou Ornament City. Funding for the initial phase for the construction was provided by its initial shareholders in proportion to their equity interest in the company. The initial share capital of Wuxi Wuzhou Ornament City was held by Wuxi City Investment & Development Co.* (無錫市城市投資發展總公司) (“**Wuxi City Investment**”), a state-owned enterprise, 51%, Sun Maozhao (孫茂照) 24.5% and Shu Cecheng 24.5%. The historical shareholding transfers of Wuxi Wuzhou Ornament City before our Reorganization are set out below:

On November 3, 2005, as Sun Maozhao intended to explore other business opportunities, he transferred his 24.5% interest in Wuxi Wuzhou Ornament City to Shu Cecheng at a consideration of RMB17.15 million, determined on the basis of the registered capital of Wuxi Wuzhou Ornament City. After the transfer, Wuxi Wuzhou Ornament City was owned by Wuxi City Investment and Shu Cecheng, 51% and 49% respectively.

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On February 22, 2006, after obtaining all the necessary governmental approvals and consents, Wuxi City Investment transferred its 11% interest in Wuxi Wuzhou Ornament City to Shu Cecheng for a consideration of RMB0.77 million, which was determined based on the appraised value in an independent valuer’s report. After the transfer, Wuxi City Investments and Shu Cecheng held 40% and 60% interests in Wuxi Wuzhou Ornament City respectively.

On March 9, 2006, in response to the local government’s initiative encouraging foreign investments, after obtaining all the necessary governmental approvals and consents, Wuxi City Investment transferred its 10% and 30% interests in Wuxi Wuzhou Ornament City to Shu Cecheng and China Exclusive Resources Limited (華田資源投資有限公司) (“**China Exclusive Resources**”), a company incorporated in the British Virgin Islands, at a consideration of RMB7 million and RMB21 million, respectively, which was determined based on the appraised value in an independent valuer’s report. After the transfers, Wuxi Wuzhou Ornament City was reorganized as a sino-foreign joint venture entity. China Exclusive Resources and Shu Cecheng held 30% and 70% interests in Wuxi Wuzhou Ornament City respectively.

On December 21, 2006, as encouraged by the local government to attract further foreign investment by increasing the equity participation of foreign entities in projects located in its vicinity, Shu Cecheng transferred his 28% interest in Wuxi Wuzhou Ornament City to Boom Win at a consideration of RMB19.6 million, determined on the basis of the registered capital of Wuxi Wuzhou Ornament City. After such transfer, Wuxi Wuzhou Ornament City was owned by Shu Cecheng, China Exclusive Resources and Boom Win, 42%, 30% and 28% respectively.

On May 31, 2007, China Exclusive Resources transferred its 10% interest in Wuxi Wuzhou Ornament City to Boom Win at a consideration of RMB7 million, determined on the basis of the registered capital of Wuxi Wuzhou Ornament City as, to the best of our knowledge, it wished to reduce its investment in the company due to commercial reasons. After such transfer, Wuxi Wuzhou Ornament City was owned by Shu Cecheng, China Exclusive Resources and Boom Win, 42%, 20% and 38% respectively.

On April 10, 2009, in anticipation of the forthcoming Reorganization processes, Shu Cecheng transferred his 42% interest in Wuxi Wuzhou Ornament City to Wuxi Wuzhou Investment at a consideration of RMB29.4 million, determined on the basis of the registered capital of Wuxi Wuzhou Ornament City. After such transfer, Wuxi Wuzhou Ornament City was owned by Wuxi Wuzhou Investment, China Exclusive Resources and Boom Win, 42%, 20% and 38% respectively.

On July 13, 2009, China Exclusive Resources transferred its 20% interest in Wuxi Wuzhou Ornament City to Wuxi Wuzhou Investment at a consideration of RMB14 million, determined on the basis of the registered capital of Wuxi Wuzhou Ornament City as, to the best of our knowledge, it no longer wished to participate in Wuxi Wuzhou Ornament City’s operations because of business reasons. After such transfer, Wuxi Wuzhou Ornament City was owned by Wuxi Wuzhou Investment and Boom Win, 62% and 38% respectively.

All the above-mentioned transfers have been legally and properly settled. The entire equity interest in Wuxi Wuzhou Ornament City was subsequently transferred to Hong Kong Wuzhou in the manner as set out in the section headed “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuxi Wuzhou Ornament City and Hangzhou Longan”.

Establishment of Wuxi Business Management

As our construction and development operations expanded, we established our own business management company, Wuxi Business Management, in January 2006 to oversee our expanding operations. Wuxi Business Management was initially owned by Shu Cecheng, 90% and Shu Cewan,

HISTORY AND REORGANIZATION

10%. The historic shareholding transfers of Wuxi Business Management before our Reorganization are set out below:

On July 29, 2008, Shu Cecheng transferred his 50% interest in Wuxi Business Management to Wuxi Wuzhou Investment at a consideration of RMB500,000, and Shu Cewan transferred his 10% equity in Wuxi Business Management to Wuxi Wuzhou Investment at a consideration of RMB100,000, determined on the basis of the paid-up share capital. After such equity transfers, Wuxi Business Management was owned by Shu Cecheng and Wuxi Wuzhou Investment, 40% and 60%, respectively.

On December 15, 2010, Shu Cecheng transferred his 40% interest in Wuxi Business Management to Wuxi Wuzhou Investment for a consideration of RMB400,000 in order to streamline the corporate portfolio of Shu Cecheng and Shu Cewan. The consideration was based on the registered capital of Wuxi Business Management and was paid in full and the transfer was properly and legally completed. After such equity transfer, Wuxi Wuzhou Investment held 100% interest in Wuxi Business Management. Wuxi Wuzhou Investment then contributed an additional RMB4 million and increased the registered capital of Wuxi Business Management to RMB5 million.

The entire equity interest in Wuxi Business Management was subsequently transferred to Wuzhou Business Operation as set out in the section headed “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuxi Business Management”.

Establishment of Wuxi Longan

After the successful launch of the operations of Phase I of our Wuxi Wuzhou International Ornament City project in 2006, we made a strategic decision to expand into the construction of our first multi-functional commercial complex development, Wuzhou International Columbus Plaza in Chong’an District, Wuxi, Jiangsu Province in December 2007, through Wuxi Longan, which was incorporated in March 2007. Funding for this project was provided by the initial shareholders of Wuxi Longan in accordance with their respective equity participation. The initial share capital of Wuxi Longan was held by Wuxi Guangyi Construction & Development Group Co., Ltd (無錫廣益建設發展集團有限公司) (“**Wuxi Guangyi**”), 95% and Wuxi Chongan Mulin Center Management Co., Ltd. (無錫市崇安新城睦鄰中心管理有限公司) (“**Wuxi Mulin**”), 5%. Save as being one of the previous shareholders of Wuxi Longan, Wuxi Longxiang and Wuxi Longhe, and a current shareholder of Wuxi Longhe, Wuxi Guangyi, are an independent third parties to the best of our knowledge. Save as being one of the initial shareholders of Wuxi Longan, Wuxi Mulin is an independent third party to the best of our knowledge. The historical shareholding transfers of Wuxi Longan before Reorganization are set out below:

On September 12, 2008, Wuxi Guangyi transferred its 95% interests in Wuxi Longan to Wuxi Wuzhou Investment at a consideration of RMB57 million, and Wuxi Mulin transferred its 5% interest in Wuxi Longan to Shu Cecheng at a consideration of RMB3 million, determined on the basis of the registered capital of Wuxi Longan. After such equity transfers, Wuxi Longan was owned by Wuxi Wuzhou Investment and Shu Cecheng, 95% and 5%, respectively.

On October 14, 2008, Wuxi Wuzhou Investment transferred 30%, 18%, 10% and 9% interests in Wuxi Longan to Shenzhen Five Continents, Xia Zhaogui (夏兆貴), Lai Litan (賴立潭) and Dong Zhixiao (董直曉), all of whom are independent third parties to the best of our knowledge, at a consideration of RMB18 million, RMB10.8 million, RMB6 million and RMB5.4 million respectively, determined on the basis of the registered capital of Wuxi Longan. Shu Cecheng transferred his 5% interest in Wuxi Longan to Wuxi Wuzhou Investment at a consideration of RMB3 million. After such equity transfers, Wuxi Longan was owned by Shenzhen Five Continents, Xia Zhaogui, Lai Litan, Dong Zhixiao and Wuxi Wuzhou Investment, 30%, 18%, 10%, 9% and 33%, respectively.

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On December 22, 2010, Dong Zhixiao transferred his 9% interest in Wuxi Longan to Wuxi Wuzhou Investment at a consideration of RMB6.21 million and Lai Litan transferred his 10% interest in Wuxi Longan to Wuxi Wuzhou Investment at a consideration of RMB6.9 million, both of which determined on the basis of the registered capital of Wuxi Longan. Xia Zhaogui transferred his 0.4% and 17.6% interest in Wuxi Longan to Wuxi Wuzhou Investment and Shenzhen Five Continents at a consideration of RMB0.276 million and RMB12.144 million respectively. After such equity transfers, Wuxi Longan was owned by Shenzhen Five Continents and Wuxi Wuzhou Investment, 47.6% and 52.4%, respectively. The shareholders of Shenzhen Five Continents were Xi Wenguan (席文官), Sun Xudong (孫旭東), Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. (深圳市僑城假日投資發展有限公司) and Shu Cecheng, who holds a 25% interest. Xi Wenguan (who is a director of Wuxi Longteng and Wuxi Longan) holds 25% of the share capital of Shenzhen Five Continents. Sun Xudong (who is the director of Wuxi Longsheng, Longan Management, Wuxi Longteng, Longteng Marketing Development and Wuxi Longan) holds 22.917% of the share capital of Shenzhen Five Continents. Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd holds 27.083% of the share capital of Shenzhen Five Continents and is, to the best of our knowledge, an independent third party.

All the above-mentioned transfers have been legally and properly settled. Subsequently, the shareholding in Wuxi Longan was further reorganized as set out in the section headed “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuxi Longan”.

Establishment of Wuzhou Business Operation

In July 2008, we established Wuzhou Business Operation for the purpose of providing exclusive property operation services to customers of our specialized wholesale markets after delivery of properties to them. The share capital of Wuzhou Business Operation was initially held by Wuxi Wuzhou Ornament City, 51% and Shu Cewan, 49%, where each of them contributed RMB0.51 million and RMB0.49 million of Wuzhou Business Operation’s share capital respectively.

On August 18, 2011, the registered capital of Wuzhou Business Operation increased from RMB1 million to RMB50 million, and the additional RMB49 million was paid up by Wuxi Wuzhou Ornament City. After the capital injection, Wuxi Wuzhou Ornament City and Shu Cewan held 99.02% and 0.98% interests in Wuzhou Business Operation, respectively.

Shu Cewan subsequently transferred his shareholding in Wuzhou Business Operation to Wuxi Wuzhou Ornament City as set out in the section headed “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuzhou Business Operation”.

Establishment of Wuxi Longxiang

In June 2009, we made an investment decision to expand into a gourmet-themed multi-functional commercial project, Wuxi Wuzhou International Chinese Food Culture Exposition City in Chong’an District, Wuxi, Jiangsu Province. This project was developed by Wuxi Longxiang, which was established in April 2009, in which we currently have 51% interest through Wuxi Wuzhou Ornament City. Funding for this project was split in accordance with the equity participation of the respective parties. The first phase of this project came into operation in January 2011. Wuxi Longxiang was initially 100% owned by Chongqing Jinke Industrial (Group) Co. Ltd. (重慶市金科實業(集團)有限公司) (“**Chongqing Jinke**”), an independent third party to the best of our knowledge. The historical shareholding transfers of Wuxi Longxiang before Reorganization are set out below:

On June 26, 2009, Chongqing Jinke transferred all of its entire interest in Wuxi Longxiang to Wuxi Guangyi for a consideration of RMB20 million, based on the registered share capital of Wuxi Longxiang.

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On August 31, 2009, Wuxi Guangyi transferred its 51%, 15%, 11%, 10%, 8% and 5% interests in Wuxi Longxiang to Wuxi Wuzhou Investment, Pan Jianbin (潘劍斌), Huang Tangmin (黃堂敏), Cai Xiaming (蔡曉明), Zhou Liangtong (周良通) and Ye Haifei (葉海飛), at a consideration of RMB10.2 million, RMB3 million, RMB2.2 million, RMB2 million, RMB1.6 million and RMB1 million, respectively, determined on the basis of the registered share capital of Wuxi Longxiang. Pan Jianbin is a director of Wuxi Longteng and Wuxi Longhe and a general manager of Wuxi Longteng, while Huang Tangmin is a general manager of Zibo Wuzhou and deputy general manager of Wuxi Longxiang. To the best of our knowledge, save as being a shareholder of Wuxi Longxiang, Cai Xiaoming, Zhou Liangtong and Ye Haifei are independent third parties to the best of our knowledge.

All the above-mentioned transfers have been legally and properly settled. Wuxi Wuzhou Investment subsequently transferred its shareholding in Wuxi Longxiang to Wuxi Wuzhou Ornament City. The remaining shareholders also transferred their interests to independent third parties, as set out in the section headed “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuxi Longxiang”.

Establishment of Wuxi Longhe

Wuxi Longhe was established on September 28, 2009, with a registered capital of RMB20 million. The initial shareholders were Wuxi Chongan Guangyi Capital Operation Co. (無錫市崇安區廣益資產經營公司) (“**Guangyi Capital**”), Wuxi Guangyi and Wuxi Mulin, contributing RMB10 million, RMB9.5 million and RMB0.5 million, or 50%, 47.5% and 2.5% of the registered capital, respectively, all of whom were independent third parties to the best of our knowledge.

On December 20, 2010, Guangyi Capital and Wuxi Mulin transferred their respective 50% and 2.5% shareholdings in Wuxi Longhe to Wuxi Guangyi, for a consideration of RMB10 million and RMB0.5 million respectively, determined based on the registered capital of Wuxi Longhe. The transfer has been legally and properly settled. On the same day, the registered capital of Wuxi Longhe was increased from RMB20 million to RMB50 million. The additional capital was contributed by Wuxi Guangyi and new shareholders Wuxi Longxiang, Wuxi Longan and Wuxi Wuzhou Investment, in the amount of RMB15 million, RMB10 million, RMB2.5 million and RMB2.5 million in cash, respectively. After the capital injection, Wuxi Guangyi, Wuxi Longxiang, Wuxi Longan and Wuxi Wuzhou Investment held 70%, 20%, 5% and 5% interests in Wuxi Longhe, respectively.

Establishment of Yancheng Wuzhou

In December 2009, we established Yancheng Wuzhou for the purpose of developing our Yancheng Wuzhou International Plaza project in Yancheng, Jiangsu Province. Funding for this project was provided by the initial shareholders in accordance with their respective equity interest. The share capital of Yancheng Wuzhou was initially held by Wuxi Wuzhou Ornament City, 49% and by Huang Xufeng (黃徐鋒), a friend of Shu Cecheng, 51%. Huang Xufeng is a director of Yancheng Wuzhou and general manager of Xuyi Wuzhou.

On August 9, 2010, Huang Xufeng transferred his 41% interest in Yancheng Wuzhou to Wuxi Wuzhou Ornament City, for a consideration of RMB8.2 million, based on the registered share capital of Yancheng Wuzhou. After the transfer, Yancheng Wuzhou is held by Wuxi Wuzhou Ornament City, 90% and Huang Xufeng, 10%. The transfer has been legally and properly settled.

Subsequently, Mr. Huang’s 10% interest was transferred to Wuxi Wuzhou Ornament City as set out in the section “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Yancheng Wuzhou”.

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Establishment of Wuxi Bonan

Wuxi Bonan was established on December 29, 2009, with a registered capital of RMB30 million. The initial shareholders were Wuxi Industrial Exposition Investment & Development Co., Ltd. (無錫市工業博覽園投資發展有限公司) (“**Wuxi Industrial Exposition**”), an independent third party to the best of our knowledge, and Wuxi Zhongnan, which contributed RMB24 million and RMB6 million, or 80% and 20% of the registered capital, respectively. Funding for this project is provided by the initial shareholders in accordance with their respective equity interest.

On December 27, 2010, the registered capital of Wuxi Bonan increased from RMB30 million to RMB135 million. The additional registered capital was contributed by its shareholders, Wuxi Industrial Exposition and Wuxi Zhongnan in the amount of RMB84 million and RMB21 million, respectively. After such capital injection, Wuxi Industrial Exposition and Wuxi Zhongnan, in aggregate, contributed RMB108 million and RMB27 million, representing 80% and 20% of the registered capital, respectively, to Wuxi Bonan.

Establishment of Wuxi International Property

In January 2010, we expanded our operation to Meicun Town in Wuxi through the commencement of the Meicun Wuzhou International Plaza project, our first multi-functional commercial complex project in Meicun Town, Jiangsu Province, which was completed and opened for operation in June 2012. This project was undertaken by Wuxi International Property, which was established in March 2010 and is 90% held by Wuxi Wuzhou Ornament City. The remaining 10% interest is held by Wuxi Jinhongsheng Investment Co., Ltd. (無錫市金鴻盛投資有限公司) (“**Jinhongsheng**”), which is an independent third party to the best of our knowledge. The funding for the project was split in accordance with the equity contribution of Wuxi Wuzhou Ornament City and Jinhongsheng.

Establishment of Nantong Wuzhou

Nantong Wuzhou was established on January 21, 2010 with a registered capital of RMB8 million. The initial shareholder was Nantong Zhonglian Investment Co., Ltd. (南通鐘聯投資有限公司) (“**Nantong Zhonglian**”), an independent third party to the best of our knowledge, contributing RMB8 million, or 100%, of the registered capital. We established Nantong Wuzhou for the purpose of developing the Nantong Wuzhou International Plaza project, which will be a multi-functional commercial complex located in Nantong, Jiangsu Province.

On August 15, 2011, the registered capital of Nantong Wuzhou increased from RMB8 million to RMB80 million. The additional capital of RMB 72 million was contributed in cash by new shareholders Wuxi Wuzhou Ornament City, Nantong Zhongjia Investment Co, Ltd. (南通中嘉投資有限公司) (“**Nantong Zhongjia**”) and Jiangsu Jinfan Investment Co., Ltd. (江蘇金帆投資有限公司) (“**Jiangsu Jinfan**”), both of whom are independent third parties to the best of our knowledge, in the amount of RMB40.8 million, RMB16.8 million and RMB14.4 million, respectively. Upon such capital increase, the capital contributions provided by Wuxi Wuzhou Ornament City, Nantong Zhongjia, Jiangsu Jinfan and Nantong Zhonglian were RMB40.8 million, RMB16.8 million, RMB14.4 million and RMB8 million respectively, representing 51%, 21%, 18% and 10% of the registered capital. Initial funding for this project was split in accordance with the proportion of equity interest held by each party.

Establishment of Wuxi Longteng

In December 2010, we established Wuxi Longteng for the purpose of developing our Wuxi New District Columbus Plaza project, a multi-functional commercial complex located in the New District of Wuxi, Jiangsu Province. The initial shareholder, Shenzhen Five Continents, contributed RMB10 million, or 100% of the registered capital.

HISTORY AND REORGANIZATION

On March 10, 2011, the registered capital of Wuxi Longteng increased to RMB20 million and was 100% contributed by Shenzhen Five Continents. On July 29, 2011, the registered capital of Wuxi Longteng was increased to RMB50 million, of which Shenzhen Five Continents contributed an additional RMB0.5 million and Wuxi Wuzhou Ornament City contributed an additional RMB29.5 million, respectively. Upon such capital increase, Wuxi Longteng was owned by Wuxi Wuzhou Ornament City and Shenzhen Five Continents, 59% and 41%, respectively.

Development of our operation in Shandong Province

Establishment of Yantai Wuzhou

We established Yantai Wuzhou in May 2011 for the purpose of developing a project in the future. The project cost will be split in accordance with the equity interests of the shareholders of Yantai Wuzhou Property.

The initial shareholders were Wuxi Wuzhou Ornament City and Xu Xuefei (徐雪飛), contributing RMB9.5 million and RMB500,000, or 95% and 5% of the registered capital respectively. Xu Xuefei is a director of Longkou Wuzhou and a deputy general manager of Yantai Wuzhou.

Development of our operation in Zhejiang Province

Establishment of Hangzhou Longan

In September 2009 we made a strategic decision to expand into the Hangzhou real estate market through the commencement of our Hangzhou Wuzhou International Plaza project in Hangzhou, Zhejiang Province. This project is undertaken by our wholly owned subsidiary, Hangzhou Longan, which was incorporated in November 2009 and initially held through Wuzhou Int’l Group Investment, 80% and Wuxi Wuzhou Investment, 20%. The initial funding for Hangzhou Wuzhou International Plaza was provided by the initial shareholders in accordance with their respective equity interest. Wuzhou Int’l Group Investment is a wholly-owned investment company of Shu Cecheng established in Hong Kong in November 2005. The 80% interest held by Wuzhou Int’l Group Investment and the 20% interest held by Wuxi Wuzhou Investment were subsequently transferred to Hong Kong Wuzhou as set out in the sections, “History and Reorganization – Reorganization – Offshore reorganization – Hong Kong Wuzhou became the immediate holding company of our Group’s onshore companies” and “History and Reorganization – Reorganization – Reorganization of our operating subsidiaries in the PRC – Wuxi Wuzhou Ornament City and Hangzhou Longan”.

Development of our operation in Western China

Establishment of Dali Wuzhou

We further expanded into the south-western area of China in October 2010 when we commenced our Dali Wuzhou International Trade City project in Dali, Yunnan Province, through the establishment of Dali Wuzhou, a company established in August 2010 with its entire shareholding held by Wuxi Wuzhou Ornament City. The initial funding for this project was provided by Wuxi Wuzhou Ornament City.

HISTORY AND REORGANIZATION

The following table sets out the details of the other PRC subsidiaries established by our Group since the beginning of the Track Record Period:

Company	Date of incorporation	Registered capital as of the Latest Practicable Date	Principal Business activities
Xuyi Wuzhou (盱眙五洲國際置業有限公司)	April 19, 2010	RMB50 million	Property development and operation
Rongchang Wuzhou (榮昌縣五洲五金裝飾城有限公司)	September 20, 2010	RMB60 million	Property development and leasing
Wuxi Property Investment (無錫五洲商業投資有限公司)	March 3, 2011	RMB20 million	Property development and operation
Wuxi Longsheng (無錫五洲龍盛商業有限公司)	April 19, 2011	RMB20 million	Property development and operation
Longshen Marketing Development (無錫六龍城商業管理有限公司)	January 10, 2012	RMB1 million	No business operation has been commenced yet
Wanxiang Marketing Development (無錫萬翔商業物業運營有限公司)	August 25, 2011	RMB0.5 million	Marketing and planning of property development projects and leasing
Jianhu Marketing Development (建湖五洲國際商業運營有限公司)	January 13, 2012	RMB1 million	Operation and management of property development projects
Longqian Marketing Development (無錫市龍乾物業管理有限公司)	February 24, 2012	RMB1 million	Operation and management of property development projects
Wuxi Corporation Management (無錫五洲國際企業管理有限公司)	March 21, 2012	RMB4.8 million	Operation and management of property development projects
Yancheng Marketing Development (鹽城五洲商業運營管理有限公司)	May 29, 2012	RMB1 million	Operation and management of property development projects
Xuyi Marketing Development (盱眙五洲國際商業物業服務有限公司)	June 1, 2012	RMB1 million	Operation and management of property development projects
Meicun Marketing Development (無錫梅村五洲國際商業物業管理有限公司)	June 4, 2012	RMB1 million	Operation and management of property development projects
Dali Wuzhou Property Management (大理五洲國際物業管理有限公司)	June 19, 2012	RMB1 million	Operation and management of property development projects
Rongchang Wuzhou Property Management (榮昌縣五洲物業管理有限公司)	July 2, 2012	RMB1 million	Operation and management of property development projects
Xiangyang Property Management (襄陽五洲國際商業物業管理有限公司)	September 27, 2012	RMB1 million	Operation and management of property development projects
Yantai Business Operation (煙台五洲國際商業運營有限公司)	December 20, 2012	RMB1 million	Operation and management of property development projects

HISTORY AND REORGANIZATION

Company	Date of incorporation	Registered capital as of the Latest Practicable Date	Principal Business activities
Shanghai Wuze (上海五策房地產諮詢有限公司)	November 26, 2012	RMB1 million	Property development planning
Dali Marketing Development (大理五洲國際商業地產策劃有限公司)	July 22, 2011	RMB0.1 million	Property investment and planning consultancy, commercial operations planning
Zibo Wuzhou (山東五洲國際置業有限公司)	January 16, 2012	RMB20 million	No business operation has been commenced yet
Sheyang Wuzhou (射陽五洲國際置業有限公司)	May 9, 2012	RMB20 million	No business operation has been commenced yet
Heilongjiang Wuzhou (黑龍江五洲國際商貿博覽城有限公司)	July 23, 2012	RMB100 million	No business operation has been commenced yet
Wuzhou Columbus Sheyang (五洲哥倫布 (射陽)置業有限公司)	August 7, 2012	RMB157.2825 million	Property development and operation
Qidong Wuzhou (啓東五洲置業有限公司)	August 15, 2012	RMB20 million	No business operation has been commenced yet
Jilin Wuzhou (吉林市五洲國際商貿城有限公司)	August 10, 2012	RMB20 million	No business operation has been commenced yet
Yantai Wuzhou Property (煙台五洲置業有限公司)	July 24, 2012	RMB20 million	Property development and operation
Jianhu Wuzhou (建湖五洲國際置業有限公司)	August 31, 2011	RMB20 million	Property development and operation
Longteng Marketing Development (無錫市新龍騰經營管理有限公司)	February 14, 2012	RMB1 million	Operation and management of property development projects
Longkou Wuzhou (龍口五洲國際商貿城有限公司)	November 10, 2011	RMB20 million	Property development and operation
Leling Wuzhou (山東五洲國際家居博覽城有限公司)	March 28, 2011	RMB20 million	Property development and sales
Xiangyang Wuzhou (襄陽五洲國際商貿城有限公司)	September 13, 2011	RMB100 million	Property development and investment
Shenyang Wuzhou (瀋陽五洲國際工業博覽城置業有限公司)	October 13, 2011	RMB100 million	No business operation has been commenced yet
Yixing Wuzhou (宜興五洲置業有限公司)	January 17, 2012	RMB20 million	No business operation has been commenced yet
Jiangyin Wuzhou (江陰五洲置業有限公司)	January 17, 2012	RMB20 million	Property development and operation
Jiangsu Wuzhou (江蘇五洲國際商業發展有限公司)	July 11, 2012	RMB20 million	No business operation has been commenced yet
Jiujiang Meijite Credit (九江市廬山區美吉特小額貸款股份有限公司)	May 14, 2010	RMB100 million	Small loan business in the Lushan district of Jiujiang City

HISTORY AND REORGANIZATION

Company	Date of incorporation	Registered capital as of the Latest Practicable Date	Principal Business activities
Baoshan Wuzhou (保山五洲國際廣場有限公司)	January 9, 2013	RMB20 million	No business operation has been commenced yet
Longkou Property Management (龍口市五洲國際物業管理有限公司)	January 10, 2013	RMB1 million	No business operation has been commenced yet
Nantong Commercial Operation (南通五洲國際商業運營管理有限公司)	January 16, 2013	RMB3.1 million	No business operation has been commenced yet
Leling Commercial Property (樂陵五洲國際商業物業管理有限公司)	January 22, 2013	RMB1 million	No business operation has been commenced yet
Sheyang Commercial Plaza (射陽五洲國際商業廣場管理有限公司)	January 24, 2013	RMB1 million	No business operation has been commenced yet
Wuxi Property (無錫五洲地產有限公司)	January 9, 2013	RMB20 million	No business operation has been commenced yet
Nantong Commercial Investment (南通五洲商業投資有限公司)	January 10, 2013	RMB20 million	No business operation has been commenced yet
Luoyang Wuzhou (洛陽五洲國際工業博覽城有限公司)	January 31, 2013	RMB20 million	No business operation has been commenced yet
Changchun Wuzhou (長春市五洲房地產開發有限公司)	February 22, 2013	RMB50 million	No business operation has been commenced yet
Jilin Wuzhou Real Estate (吉林市五洲國際房地產開發有限公司)	May 8, 2013	RMB20 million	No business operation has been commenced yet

REORGANIZATION

As part of our Reorganization in preparation for the [●], the ownership structure of a number of our intermediate holding companies and operating subsidiaries was reorganized to become our present Group structure.

Prior to our Reorganization, various operating subsidiaries of our Group were jointly owned by Shu Cecheng and Shu Cewan, directly or through entities within the Group. The corporate and shareholding structure of these entities immediately prior to our Reorganization is illustrated as follows:



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Notes:

1. On December 13, 2006, Shu Cecheng transferred his shares for a consideration of US\$50,000 to Mr. Li Wa Kin, an independent third party, for him to hold the shares as Mr. Shu's nominee. Such arrangement was in place primarily because Mr. Shu was not familiar with the laws and regulations of the British Virgin Islands as he resided and managed his business in the PRC.
2. The remaining interests in Shenzhen Five Continents were owned by Xi Wenguan (席文官), 25%, Sun Xudong (孫旭東), 22.917%, and Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. (深圳市僑城假日投資發展有限公司), 27.083%. Xi Wenguan is a director of Wuxi Longteng and Wuxi Longan while Sun Xudong is a director of Wuxi Longsheng, Longan Management, Wuxi Longteng, Longteng Marketing Development and Wuxi Longan. To the best of our knowledge, save as being a shareholder of Shenzhen Five Continents, Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. is an independent third party.
3. The remaining interests in Zhejiang Merchant Union were owned by Zhejiang Merchant Union Investment Management Co., Ltd. (浙江浙商聯盟市場投資管理有限公司), approximately 3%, Zhejiang Jingcheng Group Co., Ltd. (浙江精誠集團有限公司), approximately 14%, Zhejiang Land Investment Consultant Co., Ltd. (浙江實地投資諮詢有限公司), approximately 1%, Zhejiang Zhongjue Industrial Co., Ltd. (浙江中爵實業有限公司), approximately 14%, Xie Bairong (謝佰榮), Zhu Baoguo (竺保國) and Jin Weihai (金位海) each approximately 3%, Mei Biyong (梅必永) and Huang Guangxing (黃光星) each approximately 4%, Zheng Xiaohua (鄭小華) approximately 18% and Gao Zhengrong (高正榮) approximately 14%. To the best of our knowledge, save as being a shareholder of Zhejiang Merchant Union, these persons and entities are independent third parties.
4. The remaining interests in Rongchang Wuzhou were owned by Ye Jiawu (葉家武), 5% and Ye Ruihui (葉瑞惠), 1%. Ye Jiawu is a deputy general manager of Rongchang Wuzhou. To the best of our knowledge, save as being a shareholder of Rongchang Wuzhou, Ye Ruihui is an independent third party.
5. The remaining interests in Nantong Wuzhou were owned by Nantong Zhongjia Investment Co., Ltd. (南通中嘉投資有限公司), 21%, Jiangsu Jinfan Investment Co., Ltd. (江蘇金帆投資有限公司), 18% and Nantong Zhonglian Investment Co., Ltd. (南通鐘聯投資有限公司), 10%. To the best of our knowledge, save as being a shareholder of Nantong Wuzhou, these entities are independent third parties.
6. The remaining 5% interest in Longkou Wuzhou was owned by Changzhou Qituo Commercial & Trading Co., Ltd. (常州啟拓商貿有限公司). To the best of our knowledge, save as being a shareholder of Longkou Wuzhou, this entity is an independent third party.
7. The remaining interests in Wuxi Longxiang were owned by Pan Jianbin (潘劍斌), 15%, Huang Tangmin (黃堂敏), 11%, Cai Xiaoming (蔡曉明), 10%, Zhou Liangtong (周良通), 8% and Ye Haifei (葉海飛), 5%. Pan Jianbin is a director of Wuxi Longteng and Wuxi Longhe and a general manager of Wuxi Longteng, while Huang Tangmin is a general manager of Zibo Wuzhou and deputy general manager of Wuxi Longxiang. To the best of our knowledge, save as being shareholders of Wuxi Longxiang, Cai Xiaoming, Zhou Liangtong and Ye Haifei are independent third parties.
8. The remaining 5% interest in Yantai Wuzhou was owned by Xu Xuefei (徐雪飛). Xu Xuefei is a director of Longkou Wuzhou and a deputy general manager of Yantai Wuzhou.
9. The remaining interests in Leling Wuzhou were owned by Xia Shouping (夏守平), 25% and Zhejiang Haoyang Property Co., Ltd. (浙江浩洋置業有限公司), 24%. Xia Shouping is a general manager of Leling Wuzhou. To the best of our knowledge, save as being a shareholder of Leling Wuzhou, Zhejiang Haoyang Property Co., Ltd. is an independent third party.
10. The remaining 10% interest in Wuxi International Property was owned by Wuxi Jinhongsheng Investment Co., Ltd. (無錫市金鴻盛投資有限公司). To the best of our knowledge, save as being a shareholder of Wuxi International Property, this entity is an independent third party.
11. The remaining 10% interest in Yancheng Wuzhou was owned by Huang Xufeng (黃徐鋒). Huang Xufeng is a director of Yancheng Wuzhou and a general manager of Xuyi Wuzhou.
12. The remaining 70% interest in Wuxi Longhe was owned by Wuxi Guangyi Development Group Co., Ltd. (無錫市廣益建設發展集團有限公司). To the best of our knowledge, save as being a shareholder of Wuxi Longhe, this entity is an independent third party.
13. The remaining 80% interest in Wuxi Bonan was owned by Wuxi Industrial Exhibition Investment & Development Co., Ltd. (無錫市工業博覽園投資發展有限公司). To the best of our knowledge, save as being a shareholder of Wuxi Bonan, this entity is an independent third party.

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14. The remaining interests in Jiujiang Meijite Credit were owned by Jiujiang Huadong Industrial Co., Ltd. (九江華東實業有限公司), 20%, Shanghai Yibang Property Co., Ltd. (上海意邦置業有限公司), 10%, Zhangjiagang Jiuzhou Home Ornament City (Market) Co., Ltd. (張家港九洲家居裝飾城(市場)有限公司), 10%, Jiujiang Lushan Chengtuo (Group) Co., Ltd. (九江市廬山區城投(集團)有限公司), 10%, Jiujiang Lianhua Industrial & Trading Co., Ltd. (九江縣聯華工貿有限公司), 10%, Jiujiang Jinding Investment Co., Ltd. (九江市金鼎投資有限公司), 10%, Xu Xiyuan (許細員), 10% and Xu Chenghui (許承慧), 10%. Xu Xiyuan is also a director of Jiujiang Meijite Credit. To the best of our knowledge, save as being a shareholder of Jiujiang Meijite Credit, the remaining person and entities are independent third parties.
15. The remaining 10% interest in Wuxi Small Credit was owned by Cai Xiaoming (蔡曉明). To the best of our knowledge, save as being a shareholder of Wuxi Small Credit, this person is an independent third party.
16. The remaining interests in International Marketing Development were owned by Li Feng (李峰), who is our senior management, 19%, Zhu Mingfu (朱明付), 13%, He Hongsheng (何紅生), 9% and Chen Zhenhua (陳振華), 8%. Zhu Mingfu is also a director and deputy general manager of International Marketing Development and director of Dali Marketing Development. He Hongsheng is a deputy general manager of International Marketing Development and Longkou Wuzhou while Chen Zhenhua is a deputy general manager of International Marketing Development.

In preparation for the [●], we underwent the Reorganization, which involves the following:

Offshore reorganization

Incorporation of our Company

Our Company was incorporated in the Cayman Islands on June 22, 2010 to be the ultimate holding company of our Group and the issuer in the [●]. The initial share capital of our Company was US\$50,000 divided into 5,000,000 shares of US\$0.01 each. Upon incorporation, one share was issued and allotted to Codan Trust Company (Cayman) Limited as the initial subscriber, which was then transferred to Wuzhou International Group on the same day.

Issue and allotment of share of Wuzhou International Investment to our Company

On April 27, 2010, we incorporated Wuzhou International Investment in the British Virgin Islands to act as our intermediate holding company to hold all our businesses. Prior to the Reorganization, Wuzhou International Investment has no issued share capital. On October 21, 2011, Wuzhou International Investment issued and allotted one share to our Company, which represented the entire issued share capital of Wuzhou International Investment, for a consideration of US\$1. Our Company became the sole shareholder of Wuzhou International Investment.

Transfer of the entire issued share capital of Boom Win to Shu Cecheng and Shu Cewan

Boom Win was incorporated in the British Virgin Islands on April 18, 2006. On June 6, 2006, our executive Director Shu Cecheng was allotted 50,000 shares of Boom Win, representing its entire issued share capital, for a consideration of US\$50,000. On December 13, 2006, Mr. Shu transferred his shares for a consideration of US\$50,000 to Mr. Li Wa Kin, an independent third party, for him to hold the shares as Mr. Shu's nominee. Such arrangement was in place primarily because Mr. Shu was not familiar with the laws and regulations of the British Virgin Islands as he resided and managed his business in the PRC. As advised by our British Virgin Islands legal counsel, the nominee arrangement between Mr. Shu and Mr. Li is legal, valid and enforceable.

On November 2, 2011, our executive Director Shu Cecheng re-acquired the 50,000 shares of Boom Win, being its entire issued share capital, from Mr. Li Wa Kin for a consideration of US\$50,000. The consideration was not required to be paid as those shares were held in trust for Mr. Shu by Mr. Li Wa Kin. Upon the completion of such acquisition, our executive Director Shu Cecheng became the sole shareholder of Boom Win.

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On November 3, 2011, our executive Director Shu Cewan acquired 40% of the total share capital of Boom Win from our executive Director Shu Cecheng for a consideration of US\$20,000. The consideration was fully settled and was determined by reference to the fair value of the equity interest acquired. Upon the completion of such acquisition, our executive Directors Shu Cecheng and Shu Cewan held 60% and 40% of the total share capital of Boom Win, respectively.

On November 29, 2011, Boom Win acquired one share of our Company, representing its entire issued share capital, from Wuzhou International Group, for a consideration of US\$0.01. Upon the completion of such acquisition, Boom Win became the sole shareholder of our Company. Each of the above transfers was properly and legally completed and settled.

Since the ultimate shareholders of our Company are our executive Directors Shu Cecheng, Shu Cewan and the 7 shareholders of the Senior Management SPV, who are citizens of the PRC, pursuant to the Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (No. 75 (2005) of the State Administration of Foreign Exchange, October 21, 2005) (《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》(2005年10月21日匯發(2005)75號)) (“**No. 75 Notice**”), such overseas investments and round-trip investments via overseas companies have to be registered. The registrations or change of registrations required under No. 75 Notice were completed on March 2, 2012, March 23, 2012, May 21, 2012, August 29, 2012 and November 7, 2012 respectively.

Incorporation of Hong Kong Wuzhou

On May 6, 2010, Hong Kong Wuzhou was incorporated in Hong Kong under the name of Wuzhou International Development Limited (五洲國際發展有限公司), its sole shareholder being Gold Ascent Limited, a corporate services company. On November 7, 2011, Hong Kong Wuzhou changed its name from Wuzhou International Development Limited to Hong Kong Wuzhou International Group Limited (香港五洲國際集團有限公司).

Hong Kong Wuzhou became the immediate holding company of our Group’s onshore companies

On November 11, 2011, Wuzhou International Investment acquired one share in the capital of Hong Kong Wuzhou, representing its entire issued share capital, from Gold Ascent Limited for a consideration of HK\$1.00. Hong Kong Wuzhou was then acquired to act as the immediate holding company of our interest in our Group’s onshore companies.

On December 31, 2011, Boom Win transferred its 38% interest in Wuxi Wuzhou Ornament City to Hong Kong Wuzhou, for a consideration of HK\$32,638,036 (approximately US\$4.22 million) (the “**Offshore WOC Acquisition**”). The consideration was determined by reference to the paid up registered capital of Wuxi Wuzhou Ornament City. On the same day, Wuxi Wuzhou Investment transferred its 62% interest in Wuxi Wuzhou Ornament City to Hong Kong Wuzhou for a consideration of RMB43,400,000. As a result, Wuxi Wuzhou Ornament City became a wholly owned subsidiary of Hong Kong Wuzhou. Each of these transfers was properly and legally completed and settled. For more details on the transfer of 62% interest in Wuxi Wuzhou Ornament City, please refer to the section headed “History and Reorganization — Reorganization — Reorganization of our operating subsidiaries in the PRC — Wuxi Wuzhou Ornament City and Hangzhou Longan”.

On February 7, 2012, Wuzhou Int’l Group Investment transferred its 80% interest in Hangzhou Longan to Hong Kong Wuzhou for a consideration of RMB190,059,000 (approximately US\$30 million) (the “**Offshore HL Acquisition**”). The consideration was determined by reference to the paid up registered capital of Hangzhou Longan. On the same day, Wuxi Wuzhou Investment transferred its

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20% in Hangzhou Longan to Hong Kong Wuzhou for a consideration of RMB47,514,750 (approximately US\$7.5 million). As a result, Hangzhou Longan became a wholly owned subsidiary of Hong Kong Wuzhou. Each of these transfers was properly and legally completed and settled. For more details on the transfer of 20% interest in Hangzhou Longan, please refer to the section headed “History and Reorganization — Reorganization — Reorganization of our operating subsidiaries in the PRC — Wuxi Wuzhou Ornament City and Hangzhou Longan”.

Pursuant to a deed of assignment entered between Wuzhou Int’l Group Investment, Boom Win and Hong Kong Wuzhou dated August 15, 2012, Wuzhou Int’l Group Investment transferred its right to the US\$30 million sum due from Hong Kong Wuzhou to Boom Win, incurred as a result of the Offshore HL Acquisition. Inclusive of the sum of US\$4.22 million incurred from the Offshore WOC Acquisition, Hong Kong Wuzhou owed to Boom Win an aggregate of approximately US\$34.22 million (the “**Outstanding Loan**”).

Capitalization

On August 13, 2012, our Company increased its authorized share capital to US\$100,000,000 divided into 10,000,000,000 shares of US\$0.01 each. Also on the same day, our Company issued and allotted 3,422,161,913 shares, credited as fully paid at par value to Boom Win by way of capitalization of the sum of US\$34,221,619.13 (the “**Capitalization**”). Upon completion of the Capitalization, Boom Win holds 3,422,161,914 shares, representing 100% of our then-issued share capital. As such, the Outstanding Loan owned by Hong Kong Wuzhou to Boom Win was fully settled.

Share Incentive Scheme

Our Directors consider that retention of human talents is vital to the success of our Company. As such, we established a share incentive scheme (the “**Incentive Scheme**”). Our Directors are of the view that, in the long run, the Incentive Scheme can enhance team spirit, lower costs of further recruitment of management personnel and raise management efficiency.

In light of the Incentive Scheme, Senior Management SPV was set up, which consists of 7 companies, namely Dream Chaser, Mastery Ventures, Starry Horizon, Easy Cloud, Best Ring, Emperor Holdings and River Delta, all of which were incorporated in the British Virgin Islands and are wholly owned by our executive Directors Shu Ceyuan, Zhao Lidong, Wu Xiaowu, and our senior management Shen Xin, Li Feng, Shu Cezhang and Zhu Aiming, respectively. Under the Incentive Scheme, on October 12, 2012, Boom Win transferred 1% of its shareholding in our Company, representing 34,221,619 shares, to the Senior Management SPV. The respective number of shares transferred is as follows:

SPV Company	Name of corresponding executive director/ senior management	Percentage	Number of Shares
Dream Chaser	Shu Ceyuan	0.245%	8,384,297
Mastery Ventures	Zhao Lidong	0.112%	3,832,821
Starry Horizon	Wu Xiaowu	0.245%	8,384,297
Easy Cloud	Shen Xin	0.041%	1,403,086
Best Ring	Li Feng	0.087%	2,977,281
Imperator Holdings	Shu Cezhang	0.209%	7,152,318
River Delta	Zhu Aiming	0.061%	2,087,519
	Total	1%	34,221,619

HISTORY AND REORGANIZATION

Reorganization of our operating subsidiaries in the PRC

Wuxi Wuzhou Ornament City and Hangzhou Longan

On December 31, 2011, Wuxi Wuzhou Investment transferred its 62% interest in Wuxi Wuzhou Ornament City to Hong Kong Wuzhou, for a consideration of HK\$53,251,533 (the **“Onshore WOC Acquisition”**). Together with the Offshore WOC Acquisition that took place on the same day, Wuxi Wuzhou Ornament City became a wholly owned subsidiary of Hong Kong Wuzhou, and its corporate form was changed from an equity joint venture to a Wholly Foreign Owned Enterprise (**“WFOE”**). Each of these transfers was properly and legally completed and settled. For more details on the Offshore WOC Acquisition, please refer to the section headed “History and Reorganization — Reorganization — Offshore reorganization — Hong Kong Wuzhou became the immediate holding company of our Group’s onshore companies”.

On February 7, 2012, Wuxi Wuzhou Investment transferred its 20% interest in Hangzhou Longan to Hong Kong Wuzhou for a consideration of RMB47,514,750 (approximately HK\$58.6 million) (the **“Onshore HL Acquisition”**). Together with the Offshore HL Acquisition that took place on the same day, Hangzhou Longan became a wholly owned subsidiary of Hong Kong Wuzhou, and its corporate form was changed from an equity joint venture to a WFOE. Each of these transfers was properly and legally completed and settled. For more details on the Offshore HL Acquisition, please refer to the section headed “History and Reorganization — Reorganization — Offshore reorganization — Hong Kong Wuzhou became the immediate holding company of our Group’s onshore companies”.

The aggregate consideration for the Onshore WOC Acquisition and the Onshore HL Acquisition was approximately HK\$112 million, which was valued based on the paid-up registered capital of the relevant companies at the time of the transfers. Hong Kong Wuzhou settled the aggregate consideration by cash, which was partially financed by (i) a loan of HK\$100 million from the Bank of Communications, Hong Kong Branch to Hong Kong Wuzhou (the **“BOCOM Loan”**), entered into on February 27, 2012; and (ii) an advance of HK\$18 million from our executive Director Shu Cecheng to Hong Kong Wuzhou on March 5, 2012 (the **“SCC Advance”**).

In connection with the BOCOM Loan, on April 17, 2012, Wuzhou International Investment had granted a share charge of one share in Hong Kong Wuzhou, representing its entire issued share capital, in favor of the Bank of Communications, Hong Kong Branch to secure, among other things, Hong Kong Wuzhou’s repayment and other obligations under these facilities granted to Hong Kong Wuzhou. The share charge granted to secure Hong Kong Wuzhou’s repayment will be fully released after the loan and interest under these facilities have been fully performed and discharged. The BOCOM Loan in the amount of HK\$100 million was settled in January 2013 through the drawing from the CMBC Facility. The SCC Advance was settled in May 2013.

Wuxi Zhongnan

On March 20, 2012, Wuxi Wuzhou Investment transferred its 100% interests in Wuxi Zhongnan to Wuxi Wuzhou Ornament City for a consideration of RMB36.614 million. The consideration was fully settled and was determined by reference to the paid-up registered capital of the company. Upon completion of the transfer, Wuxi Zhongnan is 100% held by Wuxi Wuzhou Ornament City.

Wuxi Longxiang

On April 26, 2012, Wuxi Wuzhou Investment transferred its 51% interest in Wuxi Longxiang to Wuxi Wuzhou Ornament City for a consideration of RMB10.2 million. The consideration was fully settled and was determined by reference to the paid-up registered capital of the company. The remaining 49% interests in Wuxi Longxiang are held by Wenzhou Xiangfeng Property Sales and Planning Co., Ltd. (溫州祥豐房產營銷策劃有限公司), Jiangsu Meijie Economic & Trading Co., Ltd. (江蘇美傑經貿有限公司), Jiangsu Caixin Trading Co., Ltd. (江蘇彩鑫貿易有限公司), Changzhou Jianzhen

HISTORY AND REORGANIZATION

Commerce & Trading Co., Ltd. (常州健臻商貿有限公司) and Changzhou Chongfei Commerce & Trading Co., Ltd. (常州崇飛商貿有限公司), who are independent third parties.

Wuxi Longan

On June 5, 2012, Wuxi Wuzhou Investment transferred its 52.4% interest in Wuxi Longan to Wuxi Wuzhou Ornament City for a consideration of RMB33.186 million. The consideration was fully settled and was determined by reference to the cost of investment which was contributed by Wuxi Wuzhou Investment to acquire its interest in Wuxi Longan. On the same day, Shenzhen Five Continents transferred its 11.9% interest in Wuxi Longan to Wuxi Wuzhou Ornament City for a consideration of RMB7.536 million. The consideration was fully settled and was determined by reference to the cost of investment which was contributed by Shenzhen Five Continents to acquire its interest in Wuxi Longan. Also on the same day, Shenzhen Five Continents further transferred 11.9%, 12.8915% and 10.9085% interests in Wuxi Longan to Shanghai Heheyicheng Investment Consulting Co., Ltd. (上海合和易誠投資顧問有限公司), Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. (深圳市僑城假日投資發展有限公司) and Wuxi Henglid Investment Advisory Co., Ltd. (無錫恒利德投資諮詢有限公司) for a consideration of RMB7.14 million, RMB7.7349 million and RMB6.5451 million respectively. Upon completion of the transfers, Wuxi Longan is 64.3% held by Wuxi Wuzhou Ornament City. The remaining 35.7% interest in Wuxi Longan is held by Shanghai Heheyicheng Investment Consulting Co., Ltd., 11.9%, Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd., 12.8915% and Wuxi Henglid Investment Advisory Co., Ltd., 10.9085%. The consideration was fully settled and was determined by reference to the corresponding value of the registered capital of the equity interest acquired.

Wuxi Business Management

On December 22, 2011, Wuxi Wuzhou Investment transferred its 100% interest in Wuxi Business Management to Wuzhou Business Operation for a consideration of RMB5 million. Upon completion of the transfer, Wuxi Business Management is 100% held by Wuzhou Business Operation. The consideration was fully settled and was determined by reference to the registered capital of Wuxi Business Management at the time of the transfer. The above transfer was properly and legally completed and settled. As the transfer comprises part of the internal reorganization for the purpose of preparing us for the [●], our Directors consider that the use of the registered capital as the basis of consideration for the transfer was fair and reasonable.

Wuzhou Business Operation

On December 19, 2011, our executive Director Shu Cewan transferred his 0.98% interest in Wuzhou Business Operation to Wuxi Wuzhou Ornament City for a consideration of RMB0.49 million. The consideration was fully settled and was determined by reference to the registered capital of Wuzhou Business Operation at the time of the transfer. The transfer was properly and legally completed and settled. As the transfer comprises part of the internal reorganization for the purpose of preparing us for the [●], our Directors consider that the use of the registered capital as the basis of consideration for the transfer was fair and reasonable.

Upon completion of the transfer, Wuzhou Business Operation is 100% held by Wuxi Wuzhou Ornament City.

Yancheng Wuzhou

On May 16, 2012, Huang Xufeng (黃徐鋒), who is a director of Yancheng Wuzhou and a general manager of Xuyi Wuzhou, transferred his 10% interest in Yancheng Wuzhou to Wuxi Wuzhou Ornament City for a consideration of RMB2 million. The consideration was fully settled and was determined by reference to the registered capital of Yancheng Wuzhou at the time of the transfer. The

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transfer was properly and legally completed and settled. Upon completion of the transfer, Yancheng Wuzhou is 100% held by Wuxi Wuzhou Ornament City.

Compliance with PRC Laws

Global Law Office, our Group’s PRC legal adviser, has confirmed that with regard to the Reorganization of our Group’s onshore companies, both the Provisions on Changes in Equity Interests of Foreign Investment Enterprise Investors (外商投資企業投資者股權變更的若干規定) and Interim Provisions on Foreign Investment Enterprise Onshore Investment (外商投資企業境內投資的暫行規定) are applicable, whereas Provisions on Foreign Investors Acquiring Onshore Enterprise (關於外國投資者併購境內企業的規定) is not applicable. Global Law Office’s opinion is based on (i) Wuxi Wuzhou Ornament City being recognized as a foreign-invested enterprise after obtaining all the necessary governmental approvals and consents pursuant to the Interim Provisions on Foreign Investors Acquiring Onshore Enterprise prior to September 8, 2006, when the Provisions on Foreign Investors Acquiring Onshore Enterprise became effective; and (ii) Hangzhou Longan was established through foreign direct investment instead of acquisition and Hangzhou Longan has not conducted any connected acquisition since its establishment. Global Law Office has also confirmed that there is no need to seek CSRC’s approval in relation to the [●] pursuant to Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (國務院關於進一步加強在境外發行股票和上市管理的通知).

Global Law Office is of the view that our Reorganization complies with applicable PRC laws and regulations. Except for the approvals that have already been obtained, there is no need to obtain other consents, approvals, authorizations or orders from MOFCOM, CSRC or other Chinese government departments to implement our Reorganization.

In addition, Global Law Office is of the opinion that our development of specialized wholesale markets and multi-functional commercial complexes is not subject to any restrictions under the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄).

Acting in concert

Shu Cecheng and Shu Cewan have been the major shareholders of the then-subsiidiaries of our Group prior to Reorganization. They have held our Group’s subsidiaries and acted in concert in the policy-making, operation, management and all major decision-making of our Group based on mutual trust, cooperation and agreement. Shu Cecheng and Shu Cewan entered into a deed of acting in concert on September 20, 2012 to confirm and record this arrangement. Pursuant to the deed, Shu Cecheng and Shu Cewan agreed that this arrangement will continue after [●] and their shareholdings in the Group companies were regarded collectively before and after Reorganization.

Corporate and shareholding structure prior to the [●]

The corporate structure of our Group immediately after the completion of the above steps of the Reorganization, but before the completion of the [●], is illustrated as follows:



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Notes:

1. The remaining interests in Wuxi Longan are owned by Shanghai Heheyicheng Investment Consulting Co., Ltd.* (上海合和易誠投資顧問有限公司), 11.9%, Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd.* (深圳市僑城假日投資發展有限公司), 12.8915% and Wuxi Henglide Investment Advisory Co., Ltd.* (無錫恒利德投資諮詢有限公司), approximately 10.9085%. Shanghai Heheyicheng Investment Consulting Co., Ltd. is owned by Xi Wenguan (席文官), 99% and Xi Fuguan (席福官), 1%. Xi Wenguan is a director of Wuxi Longteng and Wuxi Longan while Xi Fuguan is the brother of Xi Wenguan. Wuxi Henglide Investment Advisory Co., Ltd. is owned by Sun Xudong (孫旭東) and Sun Xuchu (孫旭初), each 50%. Sun Xudong is a director of Wuxi Longsheng, Longan Management, Wuxi Longteng, Longteng Marketing Development and Wuxi Longan, while Sun Xuchu is the brother of Sun Xudong. To the best of our knowledge, save as being a shareholder of Wuxi Longan, Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. is an independent third party.
2. The remaining interests in Nantong Wuzhou are owned by Nantong Zhongjia Investment Co., Ltd. (南通中嘉投資有限公司), 21%, Jiangsu Jinfan Investment Co., Ltd.* (江蘇金帆投資有限公司), 18% and Nantong Zhonglian Investment Co., Ltd.* (南通鐘聯投資有限公司), 10%. To the best of our knowledge, save as being a shareholder of Nantong Wuzhou, these entities are independent third parties.
3. The remaining interests in Rongchang Wuzhou are owned by Ye Jiawu (葉家武), 5% and Ye Ruihui (葉瑞惠), 1%. Ye Jiawu is a deputy general manager of Rongchang Wuzhou. To the best of our knowledge, save as being a shareholder of Rongchang Wuzhou, Ye Ruihui is an independent third party.
4. The remaining 5% interest in Longkou Wuzhou is owned by Changzhou Qituo Commercial & Trading Co., Ltd.* (常州啓拓商貿有限公司). To the best of our knowledge, save as being a shareholder of Longkou Wuzhou, this entity is an independent third party.
5. The remaining interests in Leling Wuzhou are owned by Xia Shouping (夏守平), 25% and Zhejiang Haoyang Property Co., Ltd.* (浙江浩洋置業有限公司), 24%. Xia Shouping is a general manager of Leling Wuzhou. To the best of our knowledge, save as being a shareholder of Leling Wuzhou, Zhejiang Haoyang Property Co., Ltd. is an independent third party.
6. The remaining interests in Wuxi Longteng are owned by Shenzhen Five Continents, 41%, which is ultimately owned by Xi Wenguan (席文官), 25%, Sun Xudong (孫旭東), 22.917%, our executive Director Shu Cecheng, 25%, and Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd.* (深圳市僑城假日投資發展有限公司), 27.083%. Xi Wenguan is a director of Wuxi Longteng and Wuxi Longan while Sun Xudong is a director of Wuxi Longsheng, Longan Management, Wuxi Longteng, Longteng Marketing Development and Wuxi Longan. To the best of our knowledge, save as being a shareholder of Shenzhen Five Continents, Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. is an independent third party.
7. The remaining 10% interest in Jiangyin Wuzhou is owned by Changzhou Wanjie Construction Materials Co., Ltd.* (常州市萬傑建材有限公司). To the best of our knowledge, save as being a shareholder of Jiangyin Wuzhou, this entity is an independent third party.
8. The remaining interests in Wuxi Longxiang are owned by Wenzhou Xiangfeng Property Sales and Planning Co., Ltd.* (溫州祥豐房產營銷策劃有限公司), 15%, Jiangsu Meijie Commercial & Trading Co., Ltd.* (江蘇美傑經貿有限公司), 11%, Jiangsu Caixin Trading Co., Ltd.* (江蘇彩鑫貿易有限公司), 10%, Changzhou Jianzhen Commercial & Trading Co., Ltd.* (常州健臻商貿有限公司), 8% and Changzhou Chongfei Commercial & Trading Co., Ltd. (常州崇飛商貿有限公司), 5%. To the best of our knowledge, save as being a shareholder of Wuxi Longxiang, these entities are independent third parties.
9. The remaining 5% interest in Yantai Wuzhou is owned by Xu Xuefei (徐雪飛). Xu Xuefei is a director of Longkou Wuzhou and a deputy general manager of Yantai Wuzhou.
10. The remaining 10% interest in Wuxi International Property is owned by Wuxi Jinhongsheng Investment Co., Ltd.* (無錫市金鴻盛投資有限公司). To the best of our knowledge, save as being a shareholder of Wuxi International Property, this entity is an independent third party.
11. The remaining interests in Wuxi Longhe are owned by Wuxi Guangyi Construction & Development Group Co., Ltd.* (無錫廣益建設發展集團有限公司), 70% and Wuxi Wuzhou Investment, 5%, which is ultimately owned by Shu Cecheng and Shu Cewan. To the best of our knowledge, save as being a shareholder of Wuxi Longhe, Wuxi Guangyi Construction & Development Group Co., Ltd. is an independent third party.
12. The remaining 80% interest in Wuxi Bonan is owned by Wuxi Industrial Exposition Investment & Development Co., Ltd.* (無錫市工業博覽園投資發展有限公司). To the best of our knowledge, save as being a shareholder of Wuxi Bonan, this entity is an independent third party.

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13. The remaining interests in Jiujiang Meijite Credit are owned by Jiujiang Huadong Industrial Co., Ltd.* (九江華東實業有限公司) 20%, Shanghai Yibang Property Co., Ltd.* (上海意邦置業有限公司) 10%, Zhangjiagang Jiuzhou Home Ornament City (Market) Co., Ltd.* (張家港九洲家居裝飾城(市場)有限公司) 10%, Jiujiang Lushan Chengtong (Group) Co., Ltd.* (九江市廬山區城投(集團)有限公司) 10%, Jiujiang Lianhua Industrial & Trading Co., Ltd.* (九江縣聯華工貿有限公司) 10%, Jiujiang Jinding Investment Co., Ltd.* (九江市金鼎投資有限公司) 10%, Xu Xiyuan (許細員) 10% and Xu Chenghui (許承慧) 10%. Xu Xiyuan is also a director of Jiujiang Meijite Credit. To the best of our knowledge, save as being a shareholder of Jiujiang Meijite Credit, the remaining person and entities are independent third parties.
14. The remaining 5% interest in Yantai Wuzhou Property is owned by Changzhou Qituo Commercial & Trading Co., Ltd.* (常州啓拓商貿有限公司). Save as being a shareholder of Yantai Wuzhou Property, this entity is an independent third party.
15. The remaining interests in International Marketing Development are owned by Li Feng (李峰), 19%, who is our senior management, Zhu Mingfu (朱明付) 13%, He Hongsheng (何紅生) 9% and Chen Zhenhua (陳振華) 8%. Zhu Mingfu is also a director and deputy general manager of International Marketing Development and director of Dali Marketing Development. He Hongsheng is a deputy general manager of International Marketing Development and Longkou Wuzhou while Chen Zhenhua is a deputy general manager of International Marketing Development.
16. The remaining 49% interest in Wuxi Corporation Management is owned by Lu Yilong (陸奕龍), who is also a general manager of Wuxi Corporation Management.
17. The remaining 20% interest in Wuxi Property is owned by Jiangsu Fubao Investment Management Co., Ltd.* (江蘇福寶投資管理有限公司). To the best of our knowledge, save as being a shareholder of Wuxi Property, this entity is an independent third party.
18. The remaining 20% interest in Nantong Commercial Investment is owned by Nantong Zesheng Investment Co., Ltd.* (南通澤盛投資有限公司), and Wuxi Weihe Information Consulting Co., Ltd.* (無錫唯禾信息諮詢有限公司) as to 5%. To the best of our knowledge, save as being a shareholder of Nantong Commercial Investment, these entities are independent third parties.
19. The remaining 20% interest in Baoshan Wuzhou is owned by Mr. Wang Jin Long. To the best of our knowledge, save as being a shareholder of Baoshan Wuzhou, Mr. Wang Jin Long is an independent third party.
20. The remaining interests in Luoyang Wuzhou are owned by Shanghai Jinsheng Lighting Company Limited (上海金聖燈飾有限公司) 30% and Shanghai Liye Construction Company Limited (上海理冶建築工程有限公司), 19%. To the best of our knowledge, save as being a shareholder of Luoyang Wuzhou, each of these shareholders is an independent third party.

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OVERVIEW

We are a leader in the development and operation of specialized wholesale markets in China and we are also a leading property developer in both the Yangtze River Delta Area and Jiangsu Province in the development and operation of multi-functional commercial complexes, according to a survey by Savills. In November 2010, our brands “Wuzhou International” and “Columbus” were awarded the “2010 Well-known Commercial Real Estate Brands in China” by China Marketing Academy (中國市場研究院). Our “Wuzhou International”-branded specialized wholesale markets are comprehensive trading platforms for vendors of specific types of industrial and consumer products, such as industrial hardware, construction materials, furniture, household goods, auto parts and small commodities. Our “Wuzhou International”- and “Columbus”-branded multi-functional commercial complexes provide one-stop shopping with supermarkets, department stores, restaurants, movie theaters, offices and other ancillary facilities. We were a top-three developer and operator of specialized wholesale markets in China and a top-20 developer and operator of multi-functional commercial complexes in the Yangtze River Delta Area, based on total GFA completed, under development and held for future development as of December 31, 2012, according to Savills.

Our commercial properties attract consumers in some of the most prosperous urban areas in China. We strategically sell certain properties for immediate access to capital to fund our business expansion, while retaining other properties for long-term returns from recurring rental income and capital appreciation. We may gradually increase the proportion of the GFA we develop as investment properties, taking into account our cash flow situation and market conditions. Our ability to bring our properties to market in a relatively short period of time increases our capital turnover. We begin pre-selling the majority of our projects within seven months after obtaining the relevant land use rights certificates. In Xiangyang Wuzhou International Industrial Exhibition City, we began pre-selling within one month after obtaining the relevant land use rights certificates. In addition, we are also operating a department store and plan to develop and operate a hotel at our projects.

All of our projects are operated and managed by us under our well-known “Wuzhou International” and “Columbus” brand names, which have achieved favorable brand recognition in cities where our projects are located. As of February 28, 2013, 98.7% of purchasers of our retail shops entered into exclusive operation and management agreements with us. 90.8% of these agreements have a term of 10 to 20 years, under which we typically receive commercial service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years and then 8% to 10% of the rental value for the remaining years. Under such agreements, we manage and control the leasing for our projects on behalf of the purchasers in order to optimize tenant mix and rental yield. To optimize operating results and enhance our market reputation, we endeavor to operate our properties under unified brands, planning, management, marketing and services. We believe operating and managing our projects under our unified brand names enables us to effectively improve the visitor and occupier experience relating to our projects, while associating our brands with high-quality developments.

We have formulated and maintain a systematic approach in planning, designing, investing in and developing our properties, including:

- Project formation and screening. We investigate available sites that are compatible with our overall business development strategies, conduct preliminary screening of the sites, and outline the most desirable and suitable property type for a particular site and conduct a preliminary feasibility study.
- City and site selection. We conduct detailed due diligence investigations and analysis of economic statistics, consumer behavior and industrial demand on potential development opportunities. We consider the following key factors, among others, in our city and site selection process and prepare a detailed feasibility study and market research:
 - general socio-economic conditions of the city;

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- urban planning and development plans for the next five years;
 - purchasing power and spending patterns of the residents;
 - site area and location of the site;
 - surrounding establishments and expected growth of the surrounding area; and
 - ease of access to various means of transportation.
- Land acquisition. We obtain land use rights through public tenders, auctions or listings-for-sale directly from the relevant government authorities and may in the future acquire land use rights from third-party grantees of land use rights.
 - Project construction. We outsource the construction of our projects to third-party construction companies, whom we carefully select and closely monitor and supervise to ensure the construction and quality are consistent with our project planning and design specifications.
 - Sales and marketing. We maintain centralized sales and marketing departments to provide sales and marketing services for all of our projects. We target sales of our specialized wholesale market units to small business owners and affluent individuals, and sales of our commercial complex units to affluent individuals. Our target rental customers are retail, hospitality, recreation and entertainment services providers and other business entities seeking to lease quality premises in prime locations. We pre-sell properties prior to the completion of their construction in accordance with the relevant laws, regulations and local requirements for pre-sales.
 - Commercial operation and management. Most of the purchasers of our properties have entered into exclusive operation and management agreements with us, under which we receive commercial management service income from the purchasers for managing and controlling the leasing of the retail shops, organizing events and providing ancillary services to them. We also provide general property management services to tenants and occupiers.

We believe our systematic and structured approach allows us to successfully develop our projects, increase the appreciation potential of our properties and expand rapidly and effectively into new strategic regions, as well as to achieve increasing brand recognition and market position.

By selling, investing in, operating and managing properties, we have created a synergistic business model and a multi-dimensional perspective which we believe enables us to effectively address the needs of our existing and potential tenants and purchasers and assists 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.

Our business has benefited and is expected to continue to benefit from the rapid economic growth and accelerating urbanization process in China, the significant demand growth in the Yangtze River Delta Area, and the PRC government’s recent initiatives to increase fixed asset investment, consumer spending and infrastructural spending. We focus on the commercial real estate market, which has continued to grow steadily notwithstanding the PRC government’s attempts to cool the residential market. We market our properties to an increasing number of small and medium-sized enterprises in fast-growing cities in China. We also target wealthy residents in urban and rural areas in

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China. According to the Ministry of Industry and Information Technology (工業和信息化部), the number of small and medium-sized enterprises (including microenterprises) in China is expected to grow steadily for the next five years at an annual rate of approximately 8.0%. Many occupiers of our properties are microenterprises who tie their success to the long-term popularity and profitability of our projects. We believe wealthy urban and rural residents will continue to invest in the real estate market, including our projects, due to the continuing increase in their disposable income and the attractive yields our projects have generated historically.

Since commencing commercial property development in 2004, we have expanded our operations rapidly. As of February 28, 2013, we had a total of 11 specialized wholesale markets (including 23 project phases) and 14 multi-functional commercial complexes (including 17 project phases), at different stages of development, with total planned GFA of approximately 7.3 million sq.m. in six rapidly developing provinces across China. We have 12 projects (including 19 project phases) in the Yangtze River Delta Area. Our projects include:

- **Completed projects.** We have completed eight project phases with a total GFA of 1.2 million sq.m., including four specialized wholesale markets, Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城), Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城), Dali Wuzhou International Trade City (大理五洲國際商貿城) and Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城), and four multi-functional commercial complexes, Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場), Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城), Meicun Wuzhou International Plaza (梅村五洲國際廣場) and Yangjian Wuzhou International Plaza (羊尖五洲國際廣場).
- **Projects under development.** We have 17 project phases under development in Wuxi (無錫), Chongqing (重慶), Hangzhou (杭州), Nantong (南通), Yancheng (鹽城), Dali (大理), Jianhu (建湖), Xuyi (盱眙), Leling (樂陵) and Xiangyang (襄陽) with a total planned GFA of approximately 2.0 million sq.m., including approximately 0.9 million sq.m., or 45.0%, reserved for specialized wholesale markets and approximately 1.1 million sq.m., or 55.0%, reserved for multi-functional commercial complexes.
- **Projects planned for future development.** We have 15 project phases planned for future development in 12 cities, with a total estimated GFA of approximately 4.1 million sq.m., including approximately 2.9 million sq.m., or 70.7%, reserved for specialized wholesale markets and approximately 1.2 million sq.m., or 29.3%, reserved for multi-functional commercial complexes.

In 2010, 2011 and 2012, our revenue amounted to RMB875.8 million, RMB1,515.8 million and RMB2,253.2 million, respectively, and we derived 93.1%, 91.0% and 94.4% of our revenue from property development, respectively, and 6.2%, 6.8% and 4.9% of our revenue from property management and investment, respectively. Our profit after tax in 2010, 2011 and 2012 amounted to RMB289.7 million, RMB373.3 million and RMB753.9 million, respectively.

OUR COMPETITIVE STRENGTHS

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

Well-positioned to benefit from China's economic policies

Our business has benefited, and we believe that we will continue to benefit, from the favorable macro-economic environment for the commercial real estate industry in the Yangtze River Delta Area and across China, including rapid economic growth, accelerating urbanization and significant demand

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growth, as well as the PRC government’s recent initiatives to increase fixed-asset investment and consumer and infrastructure spending. The key focus of the 12th Five Year Plan (2011-2015) of China is to promote domestic consumption in order to reduce China’s reliance on export trade and investments. Retail sales increased from RMB7.9 trillion in 2007 to RMB18.4 trillion in 2011 representing a CAGR of 23.5%. The urbanization rate in China increased from 46% in 2007 to 51% in 2011, representing an increase in urban population of 13 million each year.

In addition, there is a strong trend of urbanization which contributes to the rapid expansion of domestic retail markets and has occurred contemporaneously with consistently rising levels of disposable income among PRC residents. As certain third- or fourth-tier cities or prosperous towns and their suburban areas have demonstrated strong potential for economic development, we strategically focus on penetrating into those commercial complex markets rather than competing with property developers in the first- or second-tier cities. As an early mover to those areas, we have achieved rapid growth in the development of commercial complexes in those third and fourth-tier cities and prosperous towns and their suburban areas.

We believe our specialized wholesale markets consolidate segmented local markets and offer a significantly broader range of services than traditional commercial markets, introducing multiple functions such as product trading, e-commerce, brand promotion, offices, logistics and storage warehouses, shopping and leisure, as well as hotels, and creating a new generation of regional trading and logistics centers. We also believe our multi-functional commercial complexes expand the traditional shopping mall model by offering features adapted to local leisure time needs, while providing one-stop shopping. In addition, our multi-functional commercial complexes, such as Wuxi Wuzhou International Columbus Plaza, are viewed as landmark architecture in Wuxi, and help to stimulate the growth and development of the surrounding neighborhoods.

Leading commercial real estate developer and operator with successful and scalable business model

According to Savills, based on total GFA completed, under development and held for future development as of December 31, 2012, we were a top-three developer and operator of specialized wholesale markets in China and a top-20 developer and operator of multi-functional commercial complexes in the Yangtze River Delta Area.

Our property development and operational leadership is further evidenced by the numerous awards we have received recognizing the construction quality, sales and operation of our projects, including, among others:

- ***Top-10 Branded Developer of China Commercial Real Estate Projects of 2011*** by the Chinese Real Estate Investment and Development Association; and
- ***Best Commercial Property Operator in China of 2011*** by the Organizing Committee of the 12th China Commercial Property Retailer Fair.

We develop and operate commercial real estate projects under our well-known “Wuzhou International” and “Columbus” brands. We target potential purchasers and occupiers in different industries and generate diverse cash flows from multiple sources, including property sales, property investment and property management. Our revenue from sale of properties increased by 54.1% from 2011 to 2012, allowing us to enhance our cash flows and capital efficiency.

We seek to successfully drive our properties from planning to sales and grand opening in a short period of time. We begin pre-selling the majority of our projects within seven months after obtaining the relevant land use rights certificates. In Xiangyang Wuzhou International Industrial Exhibition City, we began pre-selling within one month after obtaining the relevant land use rights certificates.

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We leverage our “Wuzhou International” (五洲國際) brand for specialized wholesale markets and our “Columbus” (哥倫布) brand for multi-functional commercial complexes, which we believe stand for high-quality asset management, construction, design and operation. With 355 sales and marketing staff, our centralized marketing team formulates our nationwide marketing strategies and coordinates our marketing activities to deliver a consistent brand image. We hold a controlling interest in, and are supported by International Marketing Development, which was recognized as the best service provider for commercial property by the 12th China Commercial Property Retailer Fair. We begin marketing our planned projects in the project formation stage, targeting previous, existing and potential purchasers, business owners and anchor tenants. We believe our ability to bring our properties to market in a relatively short period of time improves our cash flows, increases our capital turnover, increases the working capital available for sustaining our growth through new projects and enhances our profitability.

We develop, to a lesser extent, residential properties and offices to complement our specialized wholesale markets and multi-functional commercial complexes. Although sold at comparatively lower prices than our other commercial properties, these types of properties cater to the demand for conveniently accessible residential properties and offices, in particular demand from occupiers of our projects. Proceeds from the sale of such properties also provide additional capital for our overall operations.

We believe our stable tenant and purchaser base and systematic approach to project planning and positioning allow us to replicate our successful business model and rapidly expand into new strategic regions. In addition, our expertise and experience in successfully operating specialized wholesale markets and multi-functional commercial complexes enable us to effectively access the consumption power and consumer demands in our target cities to achieve the success of our projects. Since commencing commercial property development in 2004, we have expanded our operations rapidly. As of February 28, 2013, we had a total of 11 specialized wholesale markets (including 23 project phases) and 14 multi-functional commercial complexes (including 17 project phases), at different stages of development, with total planned GFA of approximately 7.3 million sq.m. in six rapidly developing provinces across China. According to Savills, we were a top-three developer and operator of specialized wholesale markets in China and a top-three developer and operator of multi-functional commercial complexes in the Yangtze River Delta Area, in terms of the total number of projects completed, under development and held for future development as of December 31, 2012. As a result of our operational expertise, as of February 28, 2013, our specialized wholesale markets and multi-functional commercial complexes that had completed construction, including both investment properties and properties sold by us, achieved average occupancy rates of 93.9% and 96.8%, respectively.

We have project planning and design teams, comprising 143 staff, that investigate potential projects based on on-going communications with current and potential occupiers and investors and prepare the overall development plans of our projects. Before choosing a site for development, we thoroughly research key characteristics of the local market, including key drivers for the local economy, disposable income levels, spending patterns, growth potential and future urban planning. Our demand-driven development model focuses on addressing the needs and preferences of business owners by surveying our previous and existing network of occupiers to obtain a reliable in-depth perspective on industrial demands and potential opportunities.

We have built long-term relationships with nationally professional design houses. These design houses tailor our projects to local demands for a broad spectrum of business owners and investors, while accounting for local surroundings, demands and conditions. We select contractors based on our standard procedures to ensure the quality of our projects. We believe our systematic and structured approach in project planning, development and marketing allows us to replicate our business model in new strategic regions.

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Strong commercial real estate operational capability

All of our projects are commercially operated and managed by us under our “Wuzhou International” and “Columbus” brand names as opposed to being operated by individual property owners. As of February 28, 2013, 98.7% of purchasers of our retail shops entered into exclusive operation and management agreements with us. 90.8% of these agreements have a term of 10 to 20 years, under which we typically receive commercial service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years and then 8% to 10% of the rental value for the remaining years. Under such agreements, we manage and control the leasing for our projects on behalf of the purchasers in order to optimize our tenant mix and rental yield. As of the Latest Practicable Date, there were, in aggregate, properties with GFA of approximately 640,000 sq.m. under our exclusive operation and management.

Under our centralized management and operation, our projects function as comprehensive trading platforms and we provide a wide range of value-added services to address the needs of occupiers:

- **Enhancing sales through brand association.** We associate our reputation and our well-known “Wuzhou International” (五洲國際) and “Columbus” (哥倫布) brands with our occupiers in our promotional activities to increase the attractiveness, profile and reputation of our occupiers, particularly small and medium-sized enterprises.



- **Improving visitor traffic and sales volume with centralized marketing and promotional events.** Our sales and marketing team organizes trading exhibitions in our specialized wholesale markets and seasonal sales events in our multi-functional commercial complexes to stimulate local demand for our tenants' products.
- **Satisfying diverse visitor needs through centralized leasing.** Our leasing team represents our purchasers in lease negotiations, cost-effectively securing tenants, and selecting tenants with a view towards improving our revenue, reputation and visitor experience.
- **Addressing business owner concerns with business infrastructure.** We provide occupiers with storage options, billboard advertising space and logistics support.

We believe our operation and management services promote our brands, provide additional business opportunities and increase tenant and purchaser loyalty, while deepening our understanding of the demands of our occupiers. Based on our experiences in operating and managing properties, we identify new opportunities from time to time to improve our current and future projects, which we believe will allow us to enjoy increased rental value over time.

We strive to maintain high standards for our loyal customers, which we believe is reflected in the repeat purchases or leases by our existing customers and our close relationships with our anchor tenants who have strong domestic and international brands. We intend to continue to involve our previous and existing anchor tenants and purchasers as cornerstones in our new projects in order to further enhance the marketability of our properties.

Established relationships with well-recognized brands

We believe that our long-term strategic relationships with domestic and international brands across a wide spectrum of sectors as our tenants enhance the consumer recognition of our projects

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and the value we offer to our tenants and purchasers in general, while providing us with long-term, recurring rental income. Many brands, including Yaohan Supermarket, Wanda Cinemas, FlyHigh SuperPlayer, Carrefour, CR Suoyo, RT-Mart, Kidswant, and GOME Electrical Appliances, have been our anchor tenants in multiple properties in our specialized wholesale markets and multi-functional commercial complexes. In addition, Wanda Cinemas entered into a strategic cooperation agreement with us in October 2011, allowing us to use its brands and logos in our marketing activities.

We leverage and capitalize on the consumer recognition of these widely-recognized anchor tenants when expanding to new cities. We believe that the consumer recognition of these widely-recognized anchor tenants significantly increases the marketability of our projects to prospective occupiers and significantly contributes to the success rate of our new projects from an early stage. We solicit input from some of our potential tenants in connection with the design and construction of new projects in the early stages of project development, which we believe allows us to better address their needs and preferences, develop more distinctive properties and improve our operation and management services.

We enjoy a broad and stable tenant and purchaser base, as measured by a number of indicators as of February 28, 2013, including:

- We have more than 19,000 customers and tenants, to whom we have sold properties with a total GFA of approximately 1,032,000 sq.m. and with whom we have entered into approximately 6,000 lease agreements.
- We have established a database of more than 60,000 potential property purchasers and tenants, of which 32% have previously entered into purchase or lease agreements with us.
- 33% of our units sold in specialized wholesale markets were sold to owner-occupiers.
- 21% of the brands⁽¹⁾ have entered into lease agreements with us in at least two of our multi-functional commercial complexes.

Many occupiers of our properties are microenterprises who tie their success to the long-term popularity and profitability of our projects. We believe that such occupiers have promoted our new projects with their relationship networks, as a result of their satisfaction with their prior experiences in operating businesses in our projects. We believe that establishing strong relationships with our previous tenants and purchasers strengthens our reputation and attracts more tenants and purchasers through word-of-mouth advertising. We also believe that our broad and stable tenant and purchaser base helps to build the “Wuzhou International” and “Columbus” brands and enables us to effectively market our future projects, while reducing our marketing costs and increasing the occupancy rates of our new projects.

Proven track record and reputation, providing us with significant bargaining power when acquiring new land

We believe that we are able to acquire land with appreciation potential at reasonable prices, as a result of our extensive experience and in-depth local knowledge in commercial real estate and a strong reputation for benefiting local communities. We also benefit from our networks of existing and potential purchasers, business owners and anchor tenants, who provide us with valuable information on land acquisition opportunities from time to time. In 2010, 2011 and 2012, our average land cost per sq.m. accounted for 14.8%, 10.2% and 10.7%, respectively, of the respective average selling prices per sq.m., our average land cost per sq.m. relating to our specialized wholesale markets

Note:

(1) “Brands” refers to the trading names of or the trademarks used by the tenants/occupiers.

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represented 14.8%, 9.5% and 8.2%, respectively, of the respective average selling prices per sq.m., and in 2011 and 2012, our average land cost per sq.m. relating to our multi-functional commercial complexes represented 12.3% and 16.5%, respectively, of the respective average selling prices per sq.m. We believe that land value has been greatly increased through our development and operations.

We strategically align our project developments with the development plans of local governments, which we believe provides us with greater competitive advantages and stronger bargaining power than our competitors have when acquiring project sites. We believe that our projects have contributed to the local economy by creating new jobs, generating tax revenue, accelerating the urbanization process and boosting local industries. Through our extensive experience and established reputation, we believe we have been able to develop high-profile projects and generate attractive investment returns, which has in turn helped to secure our land use rights quickly and efficiently.

We believe sizable land use rights acquired at a reasonable cost are crucial to our long-term growth and profitability. Most of our projects are located in prosperous or fast-growing regions in China, such as Wuxi (無錫), Chongqing (重慶), Nantong (南通), Yancheng (鹽城), Yantai (煙台), Xuyi (盱眙), Xiangyang (襄陽), Leling (樂陵) and Dali (大理). A number of our projects have been recognized as priority projects by local governments, including the projects in Yantai (煙台), Hangzhou (杭州), Yancheng (鹽城), Jianhu (建湖), Rongchang (榮昌) and Leling (樂陵).

Founders with extensive experience and networks and management team with strong execution capabilities

We have an experienced management team, a majority of whom have over eight years of experience in commercial real estate development. Our executive team has extensive experience in managing retail shops across multiple industries as well as executive experience in various commercial real estate companies with a broad geographical reach in China, which is crucial to the quality of our commercial operation management of the projects. Since 2004, our management team has led the growth of our Company. With their vision and in-depth knowledge of the commercial real estate industry, they oversee key aspects of project development, operations and management, including project formation and screening, city and site selection, land acquisition, project planning and design, project construction, property operations and development and maintenance of our tenant and purchaser base. Our marketing planning team is experienced in each of the different industries that conduct business in our specialized wholesale markets, which we believe allows us to understand the concerns of business owners in those industries, which in turn enables us to achieve high sales and occupancy rates.

Our experienced management team is led by our founders, Shu Cecheng and Shu Cewan, both of whom have extensive experience, established reputations and significant networks in commercial trading and commercial real estate development. Shu Cecheng is the executive vice president and Mr. Shu Cewan is the vice president of the Wenzhou Chamber of Commerce in Wuxi, and both have extensive business networks in Jiangsu and Zhejiang Provinces. Shu Cecheng is also the vice president of China Economy and Trade Promotion Association and president of Wuxi Market Association. We believe their networks offer us a large pool of potential tenants and purchasers for commercial real estate properties.

OUR BUSINESS STRATEGIES

We aim to become a national leader in China’s commercial real estate market by maximizing our returns in existing projects and expanding into new strategic locations. Our key strategies include:

Continue to replicate our successful business model in other rapidly developing cities in China

We aim to replicate our successful business model to other rapidly developing cities in China. We have worked and expect to continue working closely with our previous and existing tenants and

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purchasers, particularly anchor tenants and owner-occupiers, to formulate our geographic expansion strategies. Before entering into a new market, we thoroughly evaluate potential demand based on discussions with previous, existing and potential investors and occupiers. We look for locations that are conveniently located in regions with rapid economic development fostering the growth of small and medium-sized enterprises and reputable brands. We aim to build new specialized wholesale markets to meet the demands of industrial towns or regional hub cities, such as Yantai (煙台) and Shenyang (瀋陽), and new multi-functional commercial complexes in cities that are experiencing rapid economic and demographic growth, such as Hangzhou (杭州), Nantong (南通), Yancheng (鹽城) and Xuyi (盱眙).

To further accelerate our growth and strengthen our market recognition, we intend to provide services on project positioning, planning, design, construction, marketing, leasing and operation for projects to be invested in by third parties under our “Wuzhou International” and “Columbus” brands, allowing us to receive a fixed initial fee and a percentage of revenue generated by the projects.

Enhance our operation and management of commercial properties to achieve sustainable long-term growth

We believe that active project management has been, and will continue to be, a strategic focus that drives long-term value in our projects and creates synergies among our property purchasers, occupiers and us. We intend to focus on the following initiatives:

- **Optimize tenant mix to maximize return.** We strive to improve the experience of visitors to our markets and commercial complexes, enhance the popularity of our projects and increase rental yields. When selecting new occupiers or evaluating existing occupiers, we consider and aim to optimize our occupier mix based on such occupiers’ on-going financial performance, brand reputation, product offerings and the potential to increase foot traffic. We are developing an enterprise resource planning system and expect to complete the installation of modules for customer relations management, business operation and a comprehensive reporting system in 2013. We believe that the enterprise resource planning system will allow us to monitor the financial performance of our occupiers on a timely basis, thereby enabling us to take into account their financial performance when determining whether to renew leases with them. We continually manage the mix and quality of our occupiers based on the distribution and abundance of local consumer groups. We believe improving the shopping experience in our projects will strengthen our brands and help distinguish us from our competitors.
- **Provide value-added services to enhance tenant and purchaser loyalty.** We evaluate the business needs of our occupiers and consider ways to provide them with value-added services. While we have not made any commitment, we are currently considering a partnership with the Bank of Communications in China to provide our occupiers with our own Wuzhou-branded debit card. We also plan to improve our *Alibaba.com* portal to enhance consumer recognition. We intend to pursue initiatives to better serve our occupiers and increase tenant and purchaser loyalty.

We have been offering a wide range of supporting services for our occupiers, including storage facilities, outdoor advertising billboards and other logistics supports. We intend to continue to drive demand for and enhance the shopping experience of visitors to our markets and commercial complexes. We aim to expand our operations and management team to continue to provide such additional value-added services.

- **Organize marketing and promotional events to increase traffic and sales volume.** In the past, we sponsored events to promote our brand, such as a concert in Wuxi which was featured in CCTV’s music program “Popular Old Songs” (同一首歌) and a show “The Voice of Wuzhou” (五洲好聲音). We intend to continue to organize promotional trading exhibitions in

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our specialized wholesale markets and seasonal sale events in our multi-functional commercial complexes to improve interaction among visitors to our projects, our occupiers and us. We are particularly interested in jointly organizing and sponsoring such events with our occupiers, because we believe that this interaction improves our understanding of our occupiers’ business concerns, while promoting our brands within the relevant target markets and deepening our market and brand penetration and increasing our expertise.

Strengthen long-term strategic relationships with target customers and recognizable brands

We strive to build long-term relationships with attractive tenants and purchasers to support our business expansion and increase the value of our properties. We believe that the operation and management of our projects encourages repeat business and word-of-mouth advertising. We aim to increasingly lease our properties to well-known domestic and international brands to enhance the overall public perception of our properties. We also aim to sell our properties to owner-occupiers who are invested in the long-term value of our projects.

We aim to secure more well-known domestic and international brands as our long-term anchor tenants. We believe that such brands increase the attractiveness, profile and reputation of our projects, thereby allowing us to improve the public perception and value of our properties. We believe that coordinating our efforts with these well-known brands when expanding to new cities will help increase the recognition and acceptance of our new projects, and serve as a crucial component of our marketing efforts. We have entered into a number of framework strategic cooperation agreements, which allow our anchor tenants to lease space in our future projects on favorable leasing terms and allow us to use their brands and logos for marketing.

We strive to sell our properties to owner-occupiers who may promote the long-term stability, popularity and profitability of our properties. As occupiers of their own properties, the owner-occupiers tend to invest heavily in their businesses and tie their success to the long-term popularity and profitability of our markets and complexes. As a result, we actively pursue these tenants and purchasers by networking with previous and existing tenants and purchasers and through trade associations. We may also offer owner-occupiers discounted prices and other incentives.

Continue to enhance recognition of our brands

We believe that our brands “Wuzhou International” (五洲國際) and “Columbus” (哥倫布) have contributed to our past success and will underpin our success in the future. We intend to continue to focus on increasing recognition of our brands by offering projects with innovative design and distinctive features that are well-received by occupiers and purchasers.

Using our systematic and structured approach in project planning and our in-depth knowledge of local urban planning, we strive to develop projects that have the potential to become landmark projects in the area. We believe that developing and operating landmark projects will elevate recognition of our brands and reputation which, in turn, will help us strengthen our leading position in our existing markets and our expansion into new cities.

We intend to maintain and enhance our cooperative relationship with anchor tenants to leverage the consumer recognition of these high-profile and reputable brands. We organized a high-profile business convention promoting our projects to our existing and potential customers, representatives of nationally known brands, industry experts and other industry players. We intend to continue to hold such conventions in the future and use a variety of promotional and advertising campaigns in the regions where we have operations. We also plan to leverage our existing tenant and purchaser base and affiliations with various trade networks to encourage new purchases and rentals, repeat business and referrals, especially among small and medium-sized enterprises.

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To further enhance recognition of our brands and customer loyalty, we intend to establish a membership club for our established and potential customers. We plan to survey customer preferences and gauge customer satisfaction among members. We also plan to distribute periodicals to members and organize seminars for business owners and investors.

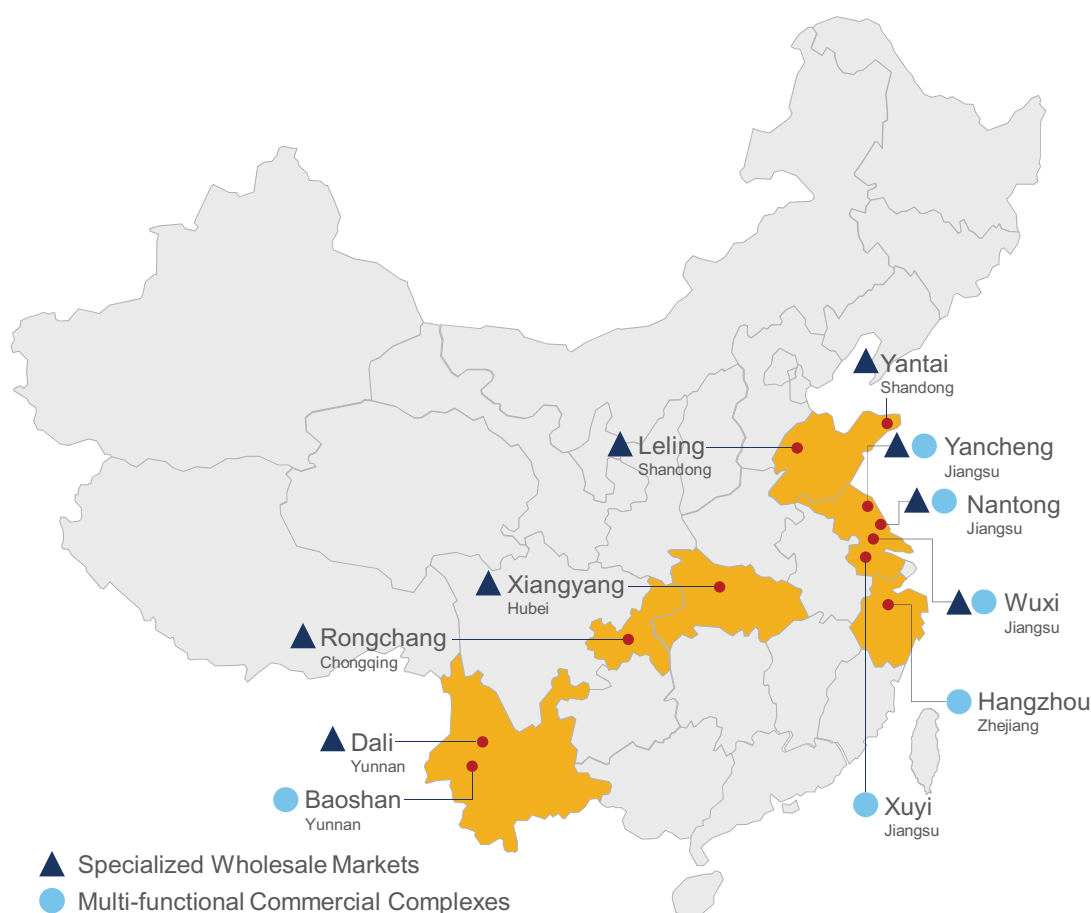
Expand the range of industries to be featured in our specialized wholesale markets to diversify our revenue streams

We believe that we have developed an expertise in systematically understanding the business requirements of a number of industry groups, including industrial hardware, construction materials, furniture, household goods and small commodities, and in developing specialized wholesale markets that function as comprehensive trading platforms for microenterprises and small and medium-sized enterprises. Our specialized wholesale markets currently focus on selling various types of industrial and consumer products within a specific product category to facilitate the trading of such products in a centralized location, thereby reducing procurement costs and time. We intend to develop new specialized wholesale markets to address the demands of a wider array of industry groups, based on the location of our planned projects, local manufacturing activities and urban planning. We are currently considering specialized wholesale markets focused on product categories that present significant growth potential, such as auto parts and small commodities. We believe our diversification to other industries will complement our current offerings and promote our brands to a wider group of tenants and purchasers in a number of industries.

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OUR PROJECTS

As of February 28, 2013, our portfolio of property developments consisted of 25 projects (including 40 project phases) in the provinces of Jiangsu, Zhejiang, Shandong, Hubei, Yunnan and Chongqing Municipality. We have 11 specialized wholesale markets (including 23 project phases) and 14 multi-functional commercial complexes (including 17 project phases). The following map sets forth the geographical location and key information of each of our property developments as of February 28, 2013:



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 commenced construction, but the construction has not been completed.
- *Projects planned for future development.* We categorize projects or project phases as planned for future development when construction work has not yet commenced and we have:
 - received the relevant land use rights certificates; or
 - entered into the relevant land use rights grant contracts.

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- *Projects with MOUs signed.* We categorize projects as projects with MOUs signed when we have entered into an 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. We may be granted the land use rights with respect to a particular land parcel through public tenders, auctions and listings-for-sale, but there is no assurance that any such land use rights will be granted. For further details, please refer to “Business — Our Projects — Projects with MOUs Signed” in this section and the section headed “Property Valuation” in Appendix III to this document.

As some of our projects comprise multiple-phase developments completed on a rolling basis, a single project may include different phases at various stages, including completed, under development or planned for future development.

We have obtained all the relevant land use rights certificates for the land relating to our completed projects and projects under development.

For projects with respect to which we have entered into the land use rights grant contracts but have not obtained the relevant land use rights certificates, our PRC legal adviser, Global Law Office, is of the opinion that there are no material legal impediments to obtaining the relevant land use rights certificates provided that we have fulfilled our obligations under the land use rights grant contracts, including the payment of land premiums, land development costs and deed tax.

A property is treated as “pre-sold” when the sales contract with a customer has been entered into but the property is under development. A property is considered “sold” when the sales contract with a customer has been entered into and the property has been completed. The names of our projects used in this document 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. They are subject to approval by the relevant authorities and are therefore subject to change.

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The following tables set forth certain information of our completed projects, projects under development and projects planned for future development as of February 28, 2013.

Project name	Project type	Site area ('000 sq.m.)	Group's Interest	Total GFA for entire project ('000 sq.m.)	Completed projects			Projects under development			Projects planned for future development			
					Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	% of total GFA attr. to us (%)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	% of total GFA attr. to us (%)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	% of total GFA attr. to us (%)	
Jiangsu Province														
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城) market	specialized wholesale	266.6	100.0%	413.4	287.7	69.6%	104.3	25.2%	104.3	25.2%	21.4	5.2%	21.4	5.2%
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城) market	specialized wholesale	293.1	100.0%	679.7	358.4	52.7%	81.8	12.0%	81.9	12.0%	239.4	35.2%	239.4	35.2%
Wuxi Wuzhou International														
Columbus Plaza (無錫五洲國際哥倫布廣場) complex	functional commercial	69.3	64.3%	211.8	136.2	64.3%	—	—	—	—	—	—	—	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城) complex	functional commercial	39.3	51.0%	191.3	49.5	25.9%	25.2	13.2%	141.8	74.1%	72.3	37.8%	—	—
Meicun Wuzhou International														
Plaza (梅村五洲國際廣場) complex	functional commercial	23.7	90.0%	54.3	54.3	100.0%	48.9	90.0%	—	—	—	—	—	—
Yangjian Wuzhou														
International Plaza (羊尖五洲國際廣場) complex	functional commercial	54.3	100.0%	142.2	9.7	6.8%	9.7	6.8%	132.5	93.2%	132.5	93.2%	—	—
Nantong Wuzhou International														
Plaza (南通五洲國際廣場) complex	functional commercial	90.7	51.0%	365.1	—	—	—	—	365.1	100.0%	186.2	51.0%	—	—
Yancheng Wuzhou International														
Plaza (鹽城五洲國際廣場) complex	functional commercial	21.1	100.0%	96.4	—	—	—	—	96.4	100.0%	96.4	100.0%	—	—
Huaian Wuzhou International														
Plaza (淮安五洲國際廣場) complex	functional commercial	64.7	100.0%	238.3	—	—	—	—	147.0	61.7%	147.0	61.7%	91.3	38.3%
Wuxi New District Columbus														
Plaza (無錫新區哥倫布廣場) complex	functional commercial	20.7	59.0%	91.9	—	—	—	—	91.9	100.0%	54.2	59.0%	—	—
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城) market	specialized wholesale	128.1	100.0%	225.3	—	—	—	—	111.1	49.3%	111.1	49.3%	114.1	50.7%

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Project name	Project type	Completed projects				Projects under development				Projects planned for future development				
		Site area ('000 sq.m.)	Group's for entire interest project (%)	Total GFA (000 sq.m.)	Total GFA for entire project (%)	Total GFA attr. to us (%)	Total GFA ⁽²⁾ (000 sq.m.)	Total GFA for entire project (%)	Total GFA attr. to us (%)	Total GFA (000 sq.m.)	Total GFA for entire project (%)	Total GFA attr. to us (%)		
Luoshe Wuzhou Columbus Plaza commercial complex (洛社五洲哥倫布廣場) Jianhu China Green Light Exhibition City (建湖中國綠色照明博覽園)	multi-functional	16.3	100.0%	51.2	—	—	51.2	100.0%	51.2	100.0%	—	—	—	
	specialized wholesale market	62.5	100.0%	94.2	—	—	—	—	—	94.2	100.0%	94.2	100.0%	
	multi-functional	124.1	100.0%	479.7	—	—	—	—	—	479.7	100.0%	479.7	100.0%	
	commercial complex	73.3	90.0%	262.8	—	—	—	—	—	262.8	100.0%	236.5	90.0%	
	multi-functional	36.3	100.0%	127.7	—	—	—	—	—	127.7	100.0%	127.7	100.0%	
Wuzhou International Automobile specialized Exhibition City (五洲國際汽車博覽城) Sub-total	wholesale market	202.8	75.0%	430.3	—	—	—	—	—	430.3	100.0%	322.7	75.0%	
		1,586.9		4,155.6	971.4	866.1	1,323.1	1,037.1	1,860.9	1,727.0				
Yunnan Province														
Dali Wuzhou International Trade City (大理五洲國際商貿城)	specialized wholesale market	288.1	100.0%	1,182.9	119.5	10.1%	121.7	10.3%	121.7	10.3%	941.7	79.6%	941.7	79.6%
	multi-functional	61.6	80.0%	209.3	—	—	—	—	—	209.3	100.0%	167.4	80.0%	
	commercial complex	349.7		1,392.2	119.5	119.5	121.7	121.7	1,151.0	1,109.1				
Baoshan Wuzhou International Plaza (保山五洲國際廣場) Sub-total														
Chongqing Municipality														
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城) Sub-total	specialized wholesale market	266.8	94.0%	475.8	85.4	17.9%	193.4	40.6%	181.8	38.2%	197.0	41.4%	185.2	38.9%
		266.8		475.8	85.4	80.2	193.4	181.8	197.0	185.2				
Zhejiang Province														
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場) Sub-total	multi-functional commercial complex	18.6	100.0%	76.6	—	—	76.6	100.0%	76.6	100.0%	—	—	—	—
		18.6		76.6	—	—	76.6	76.6	76.6	—	—	—	—	

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Project name	Project type	Site area ('000 sq.m.)	Group's Interest (%)	Completed projects			Projects under development			Projects planned for future development					
				Total GFA for entire project ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA attr. to us ('000 sq.m.)	Total GFA ^(a) ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA attr. to us ('000 sq.m.)	% of total GFA attr. to us (%)			
Shandong Province															
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城) ...	specialized wholesale market	47.3	95.0%	150.5	—	—	—	22.3	14.8%	21.2	14.1%	128.2	85.2%	121.8	80.9%
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城(福山))	specialized wholesale market	52.9	95.0%	55.8	—	—	—	55.7	100.0%	53.0	95.0%	—	—	—	—
Leiling Wuzhou International Ornamental City (萊陵五洲國際裝飾城)	specialized wholesale market	133.3	51.0%	451.9	—	—	—	38.2	8.4%	19.5	4.3%	413.7	91.6%	211.0	46.7%
Sub-total		233.5		658.2	—	—	—	116.2		93.7		541.9		332.8	
Hubei Province															
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城) ...	specialized wholesale market	215.2	100.0%	567.2	—	—	—	217.1	38.3%	217.1	38.3%	350.1	61.7%	350.1	61.7%
Sub-total		215.2		567.2	—	—	—	217.1		217.1		350.1		350.1	
Total		2,670.7		7,325.6	1,176.3	1,065.8		2,048.1		1,728.0		4,100.9		3,704.2	

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Completed projects

As of February 28, 2013, we had completed the development of the following eight project phases, with a total GFA of approximately 1.2 million sq.m., of which approximately 722,300.0 sq.m. was GFA sold and delivered and approximately 139,800.0 sq.m. was held for lease.

Project name	Group's interest (%)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA ('000 sq.m.)	Non-saleable GFA ⁽³⁾ ('000 sq.m.)	GFA sold and delivered ⁽³⁾ ('000 sq.m.)	GFA sold but not delivered ('000 sq.m.)	GFA held for sale ⁽³⁾ ('000 sq.m.)	GFA held for lease ⁽³⁾ ('000 sq.m.)	Occupancy rate as of February 28, 2013 (%)	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Jiangsu Province														
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)	100.0%	Dec 2005	Sep 2008	Jan 2006	287.7	28.5	219.5	0.1	2.2	37.4	96.0%	354.2		
Phase I					114.9	0.2	97.4	—	2.1	15.2				No. 1
Phase II		Nov 2007	Aug 2010	Dec 2007	127.1	17.1	89.0	0.1	—	20.9	86.0%		Jun 22, 2043	No. 41
Phase III		May 2010	Dec 2011	Sep 2010	45.7	11.2	33.1	0.0	0.1	1.3	98.0%			
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城) ...	100.0%	Jul 2008	Oct 2010	Jul 2008	358.4	32.3	279.6	6.0	13.0	27.5		320.5		
Phase I		Feb 2011	Dec 2012	Sep 2011	147.5	13.3	122.5	0.3	1.8	9.6	99.0%			No. 2
Phase I Hall A		Nov 2009	Mar 2012	Nov 2009	74.6	11.8	33.9	4.2	6.8	17.9	77.0%		Jan 14, 2048	No. 42
Phase II					136.3	7.2	123.2	1.5	4.4	—	99.0%			
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場) ...	64.3%	May 2008	Apr 2010	Oct 2008	211.8	43.4	79.7	23.9	22.7	42.2		814.4		
Phase I		Jul 2010	Jan 2013	Aug 2010	126.1	26.0	69.9	0.1	1.9	28.2	99.0%		Dec 26, 2047	No. 4
Phase II					85.7	17.4	9.8	23.8	20.8	14.0	99.0%		Dec 25, 2048 and Dec 25, 2058	No. 43
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城) ...	51.0%	Dec 2009	May 2011	Dec 2009	49.5	6.1	31.0	0.1	2.8	9.5		56.8		
Phase I		Apr 2010	Jan 2013	Aug 2010	17.3	0.2	11.1	—	0.2	5.8	98.0%		Dec 24, 2058	No. 3
Phase II					32.2	5.9	19.9	0.1	2.6	3.7	98.0%			No. 45

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Project name	Group's interest (%)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA ('000 sq.m.)	Non-saleable GFA ^(a) ('000 sq.m.)	GFA sold and delivered ^(a) ('000 sq.m.)	GFA sold but not delivered ('000 sq.m.)	GFA held for sale ^(a) ('000 sq.m.)	GFA held for lease ^(a) ('000 sq.m.)	Occupancy rate as of February 28, 2013 (%)	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Meicun Wuzhou International Plaza (梅村五洲國際廣場) ...	90.0%	Dec 2010	Oct 2012	Jun 2011	54.3	13.9	15.2	—	2.0	23.2	91.0%	259.3	Jan 19, 2050 and Jan 19, 2060	No. 6 No. 44
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	100.0%	Jun 2011	Sep 2012	Aug 2011	9.7	0.3	9.1	—	0.3	—	91.0%	4.2	May 25, 2051 and May 25, 2081	No. 7
Sub-total					971.4	124.5	634.1	30.1	42.9	139.8		1,809.4		
Yunnan Province														
Dali Wuzhou International Trade City (大理五洲國際商貿城)														
Phase I	100.0%	Jun 2011	Jun 2012	Jul 2011	119.5	0.9	88.2	1.2	29.2	—	98.0%	144.6	Oct 12, 2050	No. 5
Sub-total					119.5	0.9	88.2	1.2	29.2	—		144.6		
Chongqing Municipality														
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)														
Phase I	94.0%	Aug 2011	Feb 2013	Sep 2011	85.4	—	—	80.9	4.5	—	85.0%	338.9	Jul 28, 2051 and Nov 23, 2061	No. 8
Sub-total					85.4	—	—	80.9	4.5	—		338.9		
Total					1,176.3	125.4	722.3	112.2	76.7	139.8		2,292.9		

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Projects under development

As of February 28, 2013, we had the following 17 project phases under development, with a total GFA or estimated total GFA of 2.0 million sq.m., of which approximately 277,600.0 sq.m. was pre-sold and approximately 217,900.0 sq.m. was held for lease.

Project name	Group's interest (%)	Total GFA or estimated total GFA ('000 sq.m.)	Non-saleable GFA ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA pre-sold ⁽⁶⁾ ('000 sq.m.)	GFA held for lease ⁽⁶⁾ ('000 sq.m.)	Construction commencement date	Estimated construction completion date	Actual/estimated pre-sale commencement date	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Jiangsu Province												
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)												
Phase IV	100.0%	104.3	23.2	55.4	0.7	25.0	Jul 2012	Dec 2013	Dec 2012	616.4	Jun 22, 2043	No. 18
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)												
Phase II Hall C	100.0%	81.8	12.4	48.1	—	21.3	Dec 2012	Apr 2014	Jan 2013	310.3	Jan 14, 2048	No. 9
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)												
Phase III	100.0%	141.8	27.4	94.9	5.4	14.0	Dec 2011	Dec 2013	Jun 2012	505.1	Dec 24, 2058 May 25, 2051 and May 25, 2081	No. 12
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)												
	100.0%	132.5	33.7	36.9	51.3	10.6	Nov 2011	Oct 2013	Aug 2012	507.5	May 25, 2081	No. 17
Nantong Wuzhou International Plaza (南通五洲國際廣場)												
	51.0%	365.1	78.2	259.8	21.1	6.0				839.4	Jun 7, 2050 and Jun 7, 2080 Nov 14, 2050 and Nov 14, 2080	No. 19
Northern Area												
		136.8	36.6	79.1	21.1	—	Apr 2012	May 2014	Sep 2012			
Southern Area												
		228.3	41.6	180.7	—	6.0	Oct 2012	Jan 2014	May 2013			
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)												
	100.0%	96.4	28.5	34.7	16.7	16.5	May 2011	Jun 2013	Jun 2012	712.7	Nov 14, 2080	No. 14
Huainan Wuzhou International Plaza (淮安五洲國際廣場)												
Phase I	100.0%	147.0	24.1	82.0	13.2	27.7	May 2011	Dec 2013	Nov 2011	711.8	May 4, 2050 and May 4, 2080	No. 15
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)												
	59.0%	91.9	21.1	52.3	14.1	4.4	Aug 2011	Jun 2013	Nov 2011	565.5	Dec 16, 2050	No. 16

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Project name	Group's Interest (%)	Total GFA or estimated total GFA ('000 sq.m.)	Non-saleable GFA ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA pre-sold ^(a) ('000 sq.m.)	GFA held for lease ^(b) ('000 sq.m.)	Construction commencement date	Estimated construction completion date	Actual/estimated Pre-sale commencement date	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)												
Phase I	100.0%	111.1	—	80.9	30.2	—	Feb 2012	Apr 2013	Mar 2012	541.6	Jan 30, 2052	No. 20
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	100.0%	51.2	13.0	21.2	4.3	12.7	Aug 2012	Mar 2014	Sep 2012	419.5	Oct 30, 2051	No. 21
Sub-total		1,323.1	261.6	766.2	157.0	138.2				5,729.8		
Yunnan Province												
Dali Wuzhou International Trade City (大理五洲國際商貿城)												
Phase I		121.7	—	50.9	8.9	61.9				509.0		
Phase II	100.0%	88.4	—	26.5	—	61.9	Sep 2012	Dec 2013	Aug 2013		Oct 12, 2050	No. 11
Sub-total		33.3	—	24.4	8.9	—	Sep 2012	Dec 2013	Oct 2012			
Sub-total		121.7	—	50.9	8.9	61.9				509.0		
Chongqing Municipality												
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)												
Phase I	94.0%	193.4	20.1	173.3	—	—	Aug 2011	Dec 2013	Sep 2011	672.1	Jul 28, 2051 and Nov 23, 2061	No. 10
Sub-total		193.4	20.1	173.3	—	—				672.1		
Zhejiang Province												
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)												
Phase I	100.0%	76.6	17.0	41.9	—	17.8	Mar 2011	Dec 2013	May 2013	1,179.2	Sep 25, 2050	No. 13
Sub-total		76.6	17.0	41.9	—	17.8				1,179.2		
Shandong Province												
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)												
Phase I	95.0%	22.3	—	22.3	—	—	Feb 2013	Dec 2014	Mar 2013	73.4	Nov 29, 2051	No. 25
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城 (福山))	95.0%	55.7	—	27.0	28.7	—	Oct 2012	Dec 2013	Dec 2012	212.6	Jun 21, 2052	No. 24
Leling Wuzhou International Ornamental City (樂陵五洲國際裝飾城)	51.0%	38.2	0.5	37.1	0.6	—	May 2012	June 2013	Sep 2012	48.3	Jan 12, 2052	No. 22
Sub-total		116.2	0.5	86.4	29.3	—				334.3		
Hubei Province												
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)												
Phase I	100.0%	217.1	2.4	132.3	82.4	—	Jul 2012	Sep 2013	Sep 2012	708.1	Jun 29, 2052	No. 23
Sub-total		217.1	2.4	132.3	82.4	—				708.1		
Total		2,048.1	301.6	1,251.0	277.6	217.9				9,132.5		

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The table below sets forth certain information of development costs incurred and estimated development costs to be incurred of projects under development as of February 28, 2013.

Project Name	Development costs incurred	Land acquisition costs	Construction costs	Estimated development costs to be incurred	Land acquisition costs to be paid	Estimated future construction costs
(RMB in thousands)						
Jiangsu Province						
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)						
Phase IV	172,620.0	26,306.6	146,313.4	154,256.6	—	154,256.6
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)						
Product Exhibit C Phase II	117,706.9	21,386.9	96,320.0	150,181.4	—	150,181.4
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)						
Phase III	452,602.0	151,670.7	300,931.3	127,808.7	23,590.0	104,218.7
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	394,061.0	122,371.8	271,689.2	45,795.2	—	45,795.2
Nantong Wuzhou International Plaza (南通五洲國際廣場)						
Northern Area	421,717.7	122,685.3	299,032.5	46,161.2	—	46,161.2
Southern Area	506,816.9	304,864.4	201,952.5	485,105.9	—	485,105.9
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	362,549.1	145,272.4	217,276.7	87,481.3	—	87,481.3
Huaian Wuzhou International Plaza (淮安五洲國際廣場)						
Phase I	322,088.6	110,169.8	211,918.8	116,409.2	—	116,409.2
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	543,726.2	230,074.1	313,652.1	53,834.0	—	53,834.0
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)						
Phase I	242,500.6	37,571.3	204,929.3	2,107.7	—	2,107.7
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	182,134.9	102,134.9	80,000.0	125,470.7	—	125,470.7
Yunnan Province						
Dali Wuzhou International Trade City (大理五洲國際商貿城)						
Phase I	77,087.5	21,013.1	56,074.4	144,728.3	—	144,728.3
Phase II	35,209.1	17,775.5	17,433.7	46,660.9	—	46,660.9

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Project Name	Development costs incurred	Land acquisition costs	Construction costs (RMB in thousands)	Estimated development costs to be incurred	Land acquisition costs to be paid	Estimated future construction costs
Chongqing Municipality						
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)						
Phase I	333,975.3	18,095.9	315,879.4	83,049.8	—	83,049.8
Zhejiang Province						
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	514,136.2	322,312.2	191,824.0	163,041.0	—	163,041.0
Shandong Province						
Leling Wuzhou International Ornamental City (樂陵五洲國際裝飾城)	44,378.7	11,791.7	32,587.1	45,306.2	—	45,306.2
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城 (福山))	108,034.6	38,019.6	70,015.0	33,365.6	—	33,365.6
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)	23,413.1	6,394.1	17,019.1	40,519.3	—	40,519.3
Hubei Province						
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	187,130.6	19,268.1	167,862.5	176,927.3	—	176,927.3
Total	5,041,889.2	1,829,178.3	3,212,710.9	2,128,210.6	23,590.0	2,104,620.6

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Projects planned for future development

As of February 28, 2013, we had the following 15 project phases planned for future development, with an estimated total GFA of 4.1 million SQ.m.

Project name	Group's interest	Estimated total GFA ^(a)	Estimated construction commencement date	Estimated construction completion date	Actual/estimated pre-sale commencement date	Estimated non-saleable GFA	Estimated saleable/leasable GFA ^(a)	Development costs incurred	Land acquisition costs incurred	Construction costs incurred	Estimated development costs to be incurred	Land acquisition costs to be incurred	Estimated construction costs to be incurred	Attributable capital value	Expiration date of land use rights	Ref. to Property Valuation Report
(RMB in millions)																
Jiangsu Province																
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)																
Phase V Hall F	100.0%	21.4	Jul 2013	Mar 2014	Aug 2013	—	21.4	27.4	27.4	—	66.7	—	66.7	27.6	Jun 22, 2043	No. 33
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)																
Product Exhibition Hall BD Multi-use Building	100.0%	239.4	Oct 2013	Jul 2017	Jun 2014	43.0	196.5	50.9	50.9	—	720.7	—	720.7	438.2	Jan 14, 2048	No. 36
Huajian Wuzhou International Plaza (淮安五洲國際廣場)																
Phase II	100.0%	91.3	Sep 2013	Oct 2015	Feb 2014	13.0	78.3	96.2	96.2	—	239.3	—	239.3	100.0	May 4, 2050 and May 4, 2080	No. 28
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)																
Phase II	100.0%	114.1	Aug 2013	Sep 2015	Nov 2013	20.4	93.8	22.7	22.7	—	309.8	—	309.8	139.7	Jan 30, 2052	No. 26
Jianhu China Green Light Exposition City (建湖中國綠色照明博覽園)	100.0%	94.2	Jun 2013	Oct 2014	Sep 2013	—	94.2	5.9	5.9	—	249.2	—	249.2	25.5	Oct 17, 2052	No. 32
Sheyang Wuzhou International Plaza (射陽五洲國際廣場)	100.0%	479.7	May 2013	May 2016	Jun 2013	46.3	433.4	27.7	27.7	—	1,283.2	39.4	1,243.8	111.0	Apr 16, 2083	No. 31
Jiangyin Wuzhou International Plaza (江陰五洲國際廣場)	90.0%	262.8	Apr 2013	Apr 2015	Apr 2013	46.4	216.4	153.7	153.7	—	721.0	—	721.0	433.4	Sep 27, 2052	No. 35
Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)	100.0%	127.7	Jun 2013	Mar 2016	Aug 2013	18.9	108.8	20.7	20.7	—	428.6	85.8	342.8	108.0	⁽⁵⁾ Apr 24, 2053 and Apr 24, 2083	No. 38
Wuzhou International Automobile Exhibition City (五洲國際汽車博覽城)	75.0%	430.3	Jun 2013	Aug 2015	Jul 2013	83.6	346.7	66.0	66.0	—	1,266.0	201.4	1,064.6	195.0	Apr 24, 2083	No. 39
Sub-total		1,860.9				271.6	1,589.5	471.2	471.2	—	5,284.5	326.6	4,957.9	1,578.4		
Yunnan Province																
Dali Wuzhou International Trade City (大理五洲國際商貿城)																
Phase III	100.0%	941.7	Jul 2013	Jun 2019	Mar 2014	—	941.7	147.6	147.6	—	1,840.7	—	1,840.7	1,450.4	Oct 12, 2050	No. 34
Baoshan Wuzhou International Plaza (保山五洲國際廣場)	80.0%	209.3	Jun 2013	Aug 2016	Oct 2013	22.4	186.9	20.5	20.5	—	642.9	84.2	558.7	81.2	⁽⁶⁾	No. 40
Sub-total		1,151.0				22.4	1,128.6	168.1	168.1	—	2,483.6	84.2	2,399.4	1,531.6		

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Project name	Group's interest	Estimated total GFA ^(a) ('000 sq.m.)	Estimated construction commencement date	Actual/estimated pre-sale commencement date	Estimated non-saleable GFA	Estimated saleable GFA ^(a)	Development costs incurred	Land acquisition costs incurred	Construction costs incurred	Estimated development costs to be incurred	Land acquisition costs to be incurred	Estimated construction costs to be incurred	Attributable capital value	Expiration date of land use rights	Ref. to Property Valuation Report
	(%)	(sq.m.)				('000 sq.m.)	(RMB in millions)								
Chongqing Municipality															
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)															
Phase II	94.0%	197.0	Aug 2013	Aug 2015	Oct 2013	—	197.0	29.3	29.3	491.7	—	491.7	127.7	Jul 28, 2051 and Nov 23, 2061	No. 27
Sub-total		197.0				—	197.0	29.3	29.3	491.7	—	491.7	127.7		
Shandong Province															
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)															
Phase II	95.0%	128.2	Aug 2013	Dec 2014	Oct 2013	32.2	96.0	36.8	36.8	331.6	—	331.6	62.9	Nov 29, 2051	No. 29
Sub-total		541.9				54.2	359.5	26.1	26.1	1,068.0	—	1,068.0	117.6	Jun 12, 2052	No. 30
Hubei Province															
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)															
Phase II	100.0%	350.1	Jul 2013	Dec 2015	Nov 2013	53.1	297.0	34.4	34.4	768.7	—	768.7	433.8	Jun 29, 2052	No. 37
Sub-total		350.1				53.1	297.0	34.4	34.4	768.7	—	768.7	433.8		
Total		4,100.9				433.5	3,667.6	766.0	766.0	10,428.1	410.8	10,017.3	3,852.4		

BUSINESS

The following tables set forth certain information of our completed projects, projects under development and projects planned for future development by property type as of February 28, 2013. Please also refer to section headed “- Project Description” in this section for detailed information of each project.

Completed projects

Property Type	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held for lease
Specialized wholesale markets						
Commercial	614.5	7.4	448.8	73.1	20.6	64.7
Business apartment*	170.9	—	138.4	3.9	28.4	0.2
Office	11.2	—	—	11.2	—	—
Underground	54.3	54.3	—	—	—	—
Total	850.9	61.7	587.2	88.2	49.0	64.9
Multi-functional commercial complex						
Commercial	114.3	1.6	70.9	1.5	3.5	37.0
Business apartment*	67.3	—	40.5	22.2	4.5	—
Office	29.2	—	23.7	0.3	5.2	—
Underground	90.8	62.1	—	—	—	28.7
Department store	23.8	—	—	—	14.5	9.2
Total	325.4	63.7	135.1	24.0	27.7	74.9
Total						
Commercial	728.8	9.0	519.7	74.5	24.0	101.7
Business apartment*	238.2	—	178.9	26.2	32.9	0.2
Office	40.4	—	23.7	11.5	5.2	—
Underground	145.1	116.4	—	—	—	28.7
Department store	23.8	—	—	—	14.5	9.2
Total	1,176.3	125.4	722.3	112.2	76.7	139.8

BUSINESS

Projects under development

Project Type	Total GFA or estimated total GFA	Non-saleable GFA	GFA pre-sold (’000 sq.m.)	GFA held for sale	GFA held for lease
Specialized wholesale markets					
Commercial	403.0	0.9	140.0	237.1	25.0
Business apartment*	57.7	—	—	57.6	—
Office	230.8	—	11.5	219.3	—
Exhibition	196.5	—	—	113.3	83.2
Underground	57.7	57.7	—	—	—
Total	945.7	58.6	151.5	627.3	108.2
Multi-functional commercial complex					
Commercial	358.5	7.3	49.8	239.2	62.3
Business apartment*	43.8	—	0.2	43.6	—
Office	197.5	1.3	5.4	183.7	7.2
Residential	162.9	—	68.5	94.4	—
Underground	311.8	234.4	2.3	34.9	40.2
Hotel	27.9	—	—	27.9	—
Total	1,102.4	243.0	126.1	623.7	109.7
Total					
Commercial	761.5	8.1	189.7	476.3	87.3
Business apartment*	101.5	—	0.2	101.2	—
Office	428.3	1.3	16.9	403.0	7.2
Exhibition	196.5	—	—	113.3	83.2
Residential	162.9	—	68.5	94.4	—
Underground	369.5	292.2	2.3	34.9	40.2
Hotel	27.9	—	—	27.9	—
Total	2,048.1	301.6	277.6	1,251.0	217.9

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Projects planned for future development

Project Type	Estimated total GFA	Estimated non- saleable GFA (’000 sq.m.)	Estimated saleable/ leaseable GFA
Specialized wholesale markets			
Commercial	840.1	2.0	838.2
Business apartment*	780.8	—	780.8
Office	374.2	—	374.2
Exhibition	430.5	—	430.5
Residential	208.6	—	208.6
Underground	295.9	284.5	11.4
Total	2,930.1	286.5	2,643.7
Multi-functional commercial complex			
Commercial	466.2	2.7	463.6
Business apartment*	63.4	—	63.4
Office	216.4	—	216.4
Residential	280.6	—	280.6
Underground	144.3	144.3	—
Total	1,170.8	147.0	1,023.9
Total			
Commercial	1,306.4	4.7	1,301.8
Business apartment*	844.2	—	844.2
Office	590.5	—	590.5
Exhibition	430.5	—	430.5
Residential	489.2	—	489.2
Underground	440.2	428.8	11.4
Total	4,100.9	433.5	3,667.6

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Projects with MOUs signed

Project name	Group's interest (%)	Site area ('000 sq.m.)	Estimated total GFA ^(e) ('000 sq.m.)	Deposits Paid as of February 28, 2013 ^{***} (RMB in millions)
China Longkou Wuzhou International Trade City	95.0%	256.5	641.3	—
Yantai Wuzhou International Industrial Exhibition City (Fushan)**	95.0%	—	—	1.0
Shenyang Wuzhou International Industrial Exhibition City	100.0%	100.0	224.0	70.0
Project Zibo**	100.0%	—	—	30.0
Project Guanlin**	100.0%	—	—	10.0
Project Luoyang	51.0%	133.3	400.0	8.0
Project Nantong (Tongzhou)**	75.0%	—	—	—
Project Harbin**	100.0%	—	—	10.0
Project Jilin (Changyi)**	100.0%	—	—	3.0
Jianhu China Green Light Exposition City**	100.0%	—	—	—
Leling Wuzhou International Ornamental City**	51.0%	—	—	—
Project Laiwu**	100.0%	—	—	—
Project Xinghua	100.0%	66.7	66.7	—
Project Chongqing (Yongchuan)**	100.0%	—	—	—
Rongchang Wuzhou Hardware Ornamental City	94.0%	133.3	160.0	—
Jiangyin Wuzhou International Plaza**	90.0%	—	—	50.0
Total		689.8	1,492.0	182.0

Notes:

* "Business apartments" refers to the apartments built on the land designated for commercial use, with land use rights for a term of 40 to 50 years, to provide convenient and accessible residential options to people working at the commercial projects. Our PRC legal adviser, Global Law Office, has confirmed that such business apartments for residential purpose being built on land designated for commercial use are in compliance with the relevant PRC laws and regulations.

** The site area and estimated GFA of this project will be subject to further written agreement between the parties.

*** The deposits will be refunded to us if we fail to acquire land use rights through public tenders, auctions and listings-for-sale.

(1) "GFA of completed projects" is based on figures provided in the Survey Report (測繪報告).

(2) "GFA of projects under development" is based on figures provided in the construction work commencement permit, the construction work planning permit, or based on our internal records.

(3) The following information is based on our internal records and estimates:

- figures for "GFA sold and delivered", "GFA sold but not delivered", "non-saleable GFA", and "GFA held for lease" of completed projects,
 - figures for "estimated total GFA" and "GFA held for lease" of projects under development,
 - figures for "estimated total GFA" and "estimated GFA held for lease" of projects planned for future development, and
 - Non-saleable GFA represents GFA for car parks, storage warehouses, equipment rooms, civil defense, ancillary municipal infrastructure and other underground space that is not included in the plot ratio. Non-saleable GFA does not include underground retail space held for lease.
- (4) "GFA pre-sold" is based on our internal records.
- (5) Land use rights grant contract with the local state-owned land bureau was entered into on November 22, 2012 and the land use rights certificate has not been obtained.
- (6) Land use rights grant contract with the local state-owned land bureau was entered into on January 31, 2013 and the land use rights certificate has not been obtained.

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The following table sets out a breakdown of our projects under various stages of development by project type as of February 28, 2013:

Project type	Completed projects	Projects under development	Projects planned for future development	Projects with MOUs signed
	Total GFA ⁽¹⁾	Total GFA/ estimated total GFA ⁽¹⁾	Estimated total GFA ⁽¹⁾	Estimated total GFA ⁽¹⁾
		('000 sq.m.)		
Specialized wholesale market	850.9	945.7	2,930.1	1,492.0
Multi-functional commercial complex	325.4	1,102.4	1,170.8	—
Total	1,176.3	2,048.1	4,100.9	1,492.0

Note:

(1) Includes non-saleable GFA such as car parks, storage warehouses and equipment rooms, civil defense, ancillary municipal infrastructure and other underground space that is not included in the plot ratio. Non-saleable GFA does not include underground retail space held for lease.

The following tables set out breakdowns of our projects under various stages of development by project phases as of the dates indicated:

Project Phase	As of December 31, 2010		
	Completed projects	Projects under development	Projects planned for future development
	Total GFA	Total GFA/ estimated total GFA (('000 sq.m.)	Estimated total GFA
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)	242.0	45.7	125.6
Phase I	114.9	—	—
Phase II	127.1	—	—
Phase III	—	45.7	—
Phase IV	—	—	104.2
Phase V	—	—	21.4
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)	147.5	136.3	395.9
Phase I	147.5	—	—
Phase II	—	136.3	—
Phase I Hall A	—	—	74.7
Phase I Hall B	—	—	82.9
Phase II Hall C	—	—	81.8
Phase II Hall D	—	—	94.9
Multi-use Building	—	—	61.6
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	126.1	85.7	—
Phase I	126.1	—	—
Phase II	—	85.7	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)	—	48.7	141.8
Phase I	—	17.3	—
Phase II	—	31.5	—
Phase III	—	—	141.8
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	—	54.3	—
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	—	—	76.6
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	—	96.4
Huai'an Wuzhou International Plaza (淮安五洲國際廣場)	—	—	238.3
Phase I	—	—	147.0
Phase II	—	—	91.3
Total	515.6	370.8	1,074.7

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Project Phase	As of December 31, 2011		
	Completed projects	Projects under development	Projects planned for future development
	Total GFA	Total GFA/ estimated total GFA (’000 sq.m.)	Estimated total GFA
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城) . . .	287.7	—	125.6
Phase I	114.9	—	—
Phase II	127.1	—	—
Phase III	45.7	—	—
Phase IV	—	—	104.3
Phase V	—	—	21.3
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)	147.5	210.9	321.3
Phase I	147.5	—	—
Phase II	—	136.3	—
Phase I Hall A	—	74.6	—
Phase I Hall B	—	—	82.9
Phase II Hall C	—	—	81.9
Phase II Hall D	—	—	94.9
Multi-use Building	—	—	61.6
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	126.1	85.7	—
Phase I	126.1	—	—
Phase II	—	85.7	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)	33.4	157.1	—
Phase I	17.3	—	—
Phase II	16.1	15.3	—
Phase III	—	141.8	—
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	—	54.3	—
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	—	142.2	—
Nantong Wuzhou International Plaza (南通五洲國際廣場)	—	—	365.1
Northern Area	—	—	136.8
Southern Area	—	—	228.3
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	96.4	—
Huaian Wuzhou International Plaza (淮安五洲國際廣場)	—	147.0	91.3
Phase I	—	147.0	—
Phase II	—	—	91.3
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	—	91.9	—
Dali Wuzhou International Trade City (大理五洲國際商貿城)	—	119.5	1,063.3
Phase I	—	119.5	88.4
Phase II	—	—	33.2
Phase III	—	—	941.7
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)	—	278.8	197.0
Phase I	—	278.8	—
Phase II	—	—	197.0
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	—	76.6	—
Total	594.7	1,460.5	2,163.8

BUSINESS

Project Phases	As of December 31, 2012		
	Completed projects	Projects under development	Projects planned for future development
	Total GFA	Total GFA/ estimated total GFA ('000 sq.m.)	Estimated total GFA
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城) . . .	287.7	104.3	21.4
Phase I	114.9	—	—
Phase II	127.1	—	—
Phase III	45.7	—	—
Phase IV	—	104.3	—
Phase V	—	—	21.4
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)	358.5	81.8	239.4
Phase I	147.5	—	—
Phase II	136.3	—	—
Phase I Hall A	74.7	—	—
Phase I Hall B	—	—	82.9
Phase II Hall C	—	81.8	—
Phase II Hall D	—	—	94.9
Multi-use Building	—	—	61.6
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	184.8	27.0	—
Phase I	126.1	—	—
Phase II	58.7	27.0	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)	33.4	157.1	—
Phase I	17.3	—	—
Phase II	16.1	15.3	—
Phase III	—	141.8	—
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	54.3	—	—
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	9.7	132.5	—
Nantong Wuzhou International Plaza (南通五洲國際廣場)	—	365.1	—
Northern Area	—	136.8	—
Southern Area	—	228.3	—
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	96.4	—
Huaian Wuzhou International Plaza (淮安五洲國際廣場)	—	147.0	91.3
Phase I	—	147.0	—
Phase II	—	—	91.3
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	—	91.9	—
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)	—	111.1	114.1
Phase I	—	111.1	—
Phase II	—	—	114.1
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	—	51.2	—
Jianhu China Green Light Exposition City (建湖中國綠色照明博覽園)	—	—	94.2
Sheyang Wuzhou International Plaza (射陽五洲國際廣場)	—	—	479.7
Jiangyin Wuzhou International Plaza (江陰五洲國際廣場)	—	—	263.6
Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)	—	—	127.7
Dali Wuzhou International Trade City (大理五洲國際商貿城)	119.5	121.7	941.7
Phase I	—	—	—
Phase II	—	88.4	—
Phase III	—	33.3	941.7

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Project Phases	As of December 31, 2012		
	Completed projects	Projects under development	Projects planned for future development
	Total GFA	Total GFA/estimated total GFA (’000 sq.m.)	Estimated total GFA
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)	—	278.8	197.0
Phase I	—	278.8	—
Phase II	—	—	197.0
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	—	76.6	—
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)	—	—	150.5
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城(福山))	—	55.8	—
Leling Wuzhou International Ornamental City (樂陵五洲國際裝飾城)	—	38.2	413.7
Phase I	—	38.2	41.8
Phase II	—	—	317.9
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	—	217.1	350.1
Total	1,047.8	2,153.7	3,484.5

Project Description

Jiangsu Province

Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)



Wuxi Wuzhou International Ornamental City is located in Huishan District, Wuxi, Jiangsu Province. This project was our first specialized wholesale market, providing a comprehensive trading platform for vendors of construction materials and interior decoration materials. According to Savills, Wuxi Wuzhou International Ornamental City is the second largest specialized wholesale market for construction materials and interior decoration materials in the southern part of Jiangsu Province, based on total GFA. It is located with easy access to major highways. It was awarded “China’s Largest Market for Interior Ornament Materials (中國最大裝飾材料市場)”, and “The Most Commercially Valuable Specialized Wholesale Market in China (中國最具商業價值專業市場)” by the Organizing Committee of China International City Development and Land Operation & Investment Fair (中國國際城市發展與地產運營投資交易會) in 2006.

Wuxi Wuzhou International Ornamental City was developed by our wholly owned subsidiary, Wuxi Wuzhou Ornament City. We entered into the land use rights grant contracts with respect to Wuxi Wuzhou International Ornamental City in March 2005. We began to construct this project in 2005, and the phase I of this project was open for operation in 2006. We have fully paid the land premium in an aggregate amount of RMB160.8 million for this project.

A brief description of completed phases, phases under development and phase for future development of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
					('000 sq.m.)				(RMB in millions)		
	Jul 2012	Dec 2013	Dec 2012								
Phase IV (Commercial) . . .				81.1	—	0.7	55.4	25.0			
Phase IV (Underground) . .				23.2	23.2	—	—	—			
Total				104.3	23.2	0.7	55.4	25.0	172.6	154.3	52.8%

As of February 28, 2013, the overall occupancy rate of Wuxi Wuzhou International Ornamental City was 94.0%.

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Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)



Wuxi Wuzhou International Industrial Exhibition City, our second specialized wholesale market development, is located in New District, Wuxi, Jiangsu Province. According to Savills, it is the largest comprehensive trading platform for vendors of industrial products in the southern part of Jiangsu Province, based on total GFA. It is well-connected to major highways, including the Shanghai-Nanjing Highway. It was awarded the “2008 Commercial Property Project with the Best Investment Value in China” (2008中國最具投資價值商業地產項目) by the Organizing Committee of China Commercial Real Estate Annual Summit (中國商業地產行業年會組委會) in March 2008.

Wuxi Wuzhou International Industrial Exhibition City was developed by our wholly owned subsidiary, Wuxi Zhongnan. We entered into the land use rights grant contracts with respect to Wuxi Wuzhou International Industrial Exhibition City in December 2006. We began to construct this project in 2008, and this project was open for operation in 2009. We have fully paid the land premium in an aggregate amount of RMB418.0 million for this project.

The project comprises two phases. We have completed a total GFA of 358,398.2 sq.m. We are developing Phase II with an estimated GFA of 81,846.5 sq.m. and we expect to complete the construction by April 2014. The remaining portion of this project is planned for future development with an estimated total GFA of 239,416.5 sq.m., on which we plan to commence construction in October 2013 and expect to complete construction by July 2017.

BUSINESS

A brief description of this project as of February 28, 2013 is set out below.

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered (^{'000} sq.m.)	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred (RMB in millions)
Phase I (Commercial)	Jul 2008	Dec 2009	Jul 2008	100.5	1.2	89.3	0.1	0.3	9.6	
Phase I (Business apartment)	Feb 2009	Oct 2010	Jun 2009	34.9	—	33.2	0.2	1.5	—	
Phase I (Underground)	Feb 2009	Oct 2010	—	12.1	12.1	—	—	—	—	
Sub-total				147.5	13.3	122.5	0.3	1.8	9.6	568.2
Phase I Product Exhibition Hall A (Business apartment)	Feb 2011	Dec 2012	Sep 2011	26.9	—	23.3	3.4	0.2	—	
Phase I Product Exhibition Hall A (Commercial)	Feb 2011	Dec 2012	Sep 2011	35.9	—	10.6	0.8	6.6	17.9	
Phase I Product Exhibition Hall A (Underground)	Feb 2011	Dec 2012	—	11.8	11.8	—	—	—	—	
Sub-total				74.6	11.8	33.9	4.2	6.8	17.9	275.6
Phase II (Commercial)	Nov 2009	Mar 2012	Nov 2009	89.5	—	84.5	1.2	3.9	—	
Phase II (Business apartment)	Aug 2010	Mar 2012	Dec 2010	39.6	—	38.7	0.3	0.5	—	
Phase II (Underground)	Aug 2010	Mar 2012	—	7.2	7.2	—	—	—	—	
Sub-total				136.3	7.2	123.2	1.5	4.4	—	517.4
Total				358.4	32.3	279.6	6.0	13.0	27.5	1,361.2

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold (^{'000} sq.m.)	GFA held for sale	GFA held for lease	Development costs incurred (RMB in millions)	Estimated development costs to be incurred (RMB in millions)	Percentage of completion
	Dec 2012	Apr 2014	Jan 2013								
Phase II Product Exhibition Hall C (Exhibition)				42.6	—	—	21.3	21.3			
Phase II Product Exhibition Hall C (Business Apartment)				26.8	—	—	26.8	—			
Phase II Product Exhibition Hall C (Underground) ...				12.4	12.4	—	—	—			
Total				81.8	12.4	—	48.1	21.3	117.7	150.2	43.9%

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Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA ('000 sq.m.)	GFA held for sale	Estimated development costs incurred (land premium) (RMB in millions)	Estimated development costs to be incurred
	Oct 2013	Oct 2015	Jun 2014					
Phase II Product Exhibition								
Hall D (Exhibition)				43.3	—	43.3		
Phase II Product Exhibition								
Hall D (Business apartment) . .				26.8	—	26.8		
Phase II Product Exhibition								
Hall D (Underground)				24.9	24.9	—		
Sub-total				95.0	24.9	70.1	20.9	285.7
	Oct 2013	Oct 2015	Jun 2014					
Phase I Product Exhibition								
Hall B (Exhibition)				43.3	—	43.3		
Phase I Product Exhibition								
Hall B (Business apartment) . .				26.8	—	26.8		
Phase I Product Exhibition								
Hall B (Underground)				12.8	12.8	—		
Sub-total				82.9	12.8	70.1	18.2	249.6
	May 2015	Jul 2017	Jan 2016					
Phase I Product Exhibition Multi-function Building								
(Exhibition)				13.1	—	13.1		
Phase I Product Exhibition Multi-function Building								
(Business apartment)				31.3	—	31.3		
Phase I Product Exhibition Multi-function Building (Office)				11.9	—	11.9		
Phase I Product Exhibition Multi-function Building								
(Underground)				5.3	5.3	—		
Sub-total				61.6	5.3	56.3	11.8	185.4
Total				239.4	43.0	196.5	50.9	720.7

As of February 28, 2013, the overall occupancy rate of Wuxi Wuzhou International Industrial Exhibition City was 95.0%.

Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)



BUSINESS

Wuxi Wuzhou International Columbus Plaza is located in Chong'an District, Wuxi, Jiangsu Province. This project was our first multi-functional commercial complex development, including a shopping mall, home offices, an office building, and a business apartment building. It exemplifies our multi-functional commercial complexes, which provide shopping, food, entertainment, office and residential features to fulfill a wide range of consumer demands. It is close to public transportation facilities.

Wuxi Wuzhou International Columbus Plaza was developed by our subsidiary, Wuxi Longan, in which we hold a 64.3% equity interest, the remaining 35.7% equity interest being held by three third parties. We entered into the land use rights grant contracts with respect to Phase I of Wuxi Wuzhou International Columbus Plaza in April 2007 and with respect to Phase II in November 2007. We began to construct this project in 2008, and this project was open for operation in 2010. We have fully paid the land premium in an aggregate amount of RMB219.0 million for this project.

The project was developed in two phases. We have completed the entire project with a total GFA of 211,823.2 sq.m. A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred
						('000 sq.m.)				(RMB in millions)
Phase I (Business apartment)	May 2008	Apr 2010	Dec 2008	25.2	—	25.2	—	—	—	
Phase I (Commercial)	May 2008	Apr 2010	Oct 2008	40.3	—	26.6	0.1	0.7	12.8	
Phase I (Office)	May 2008	Apr 2010	Oct 2008	19.3	—	18.1	—	1.2	—	
Phase I (Underground)	May 2008	Apr 2010	—	41.3	26.0	—	—	—	15.4	
Sub-total				126.1	26.0	69.9	0.1	1.9	28.2	590.8
Phase II (Commercial)	Jul 2010	Apr 2012	Aug 2010	10.3	—	4.0	1.4	0.2	4.7	
Phase II (Department store)	Jul 2010	Apr 2012	—	23.7	—	—	—	14.5	9.3	
Phase II (Office)	Jul 2010	Apr 2012	Nov 2010	9.9	—	5.7	0.3	4.0	—	
Phase II (Business apartment)	Jul 2010	Jan 2013	Mar 2011	24.4	—	0.1	22.1	2.1	—	
Phase II (Underground)	Jul 2010	Apr 2012	—	17.4	17.4	—	—	—	—	
Sub-total				85.7	17.4	9.8	23.8	20.8	14.0	601.4
Total				211.8	43.4	79.7	23.9	22.7	42.2	1,192.2

As of February 28, 2013, the overall occupancy rate of Wuxi Wuzhou International Columbus Plaza was 99.0%.

BUSINESS

Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)



Wuxi Wuzhou International Chinese Food Culture Exposition City is located in Chong'an District, Wuxi, Jiangsu Province. This project is our first multi-functional commercial complex project with a key theme featuring different cuisines from China and providing entertainment and ancillary shopping services. It is near public transportation facilities.

Wuxi Wuzhou International Chinese Food Culture Exposition City was developed by our subsidiary, Wuxi Longxiang, in which we hold a 51% equity interest, the remaining 49% equity interest being held by five third parties. We entered into the land use rights grant contracts with respect to Wuxi Wuzhou International Chinese Food Culture Exposition City in June 2009. We began to construct this project in 2009, and this project was open for operation in 2011. We have fully paid the land premium in an aggregate amount of RMB188.2 million.

The project was developed in three phases. We expect to complete the construction of Phase III by December 2013. A brief description of completed phases and phases under development of this project as of February 28, 2013 is set out below:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred
										(RMB in millions)
Phase I (Commercial)	Dec 2009	May 2011	Dec 2009	17.3	0.2	11.1	—	0.2	5.8	
Sub-total				17.3	0.2	11.1	—	0.2	5.8	143.2
Phase II (Commercial)	Apr 2010	Sep 2011	Aug 2010	10.2	—	6.3	—	0.2	3.7	
Phase II (Business apartment)	Apr 2010	Jan 2013	Mar 2011	16.1	—	13.6	0.1	2.4	—	
Phase II (Underground)	Apr 2010	Sep 2011	—	5.9	5.9	—	—	—	—	
Sub-total				32.2	5.9	19.9	0.1	2.6	3.7	171.5
Total				49.5	6.1	31.0	0.1	2.8	9.5	314.7

BUSINESS

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
						(’000 sq.m.)				(RMB in millions)	
Phase III (Office) . .	Dec 2011	Dec 2013	Jun 2012	66.5	—	—	59.2	7.2			
Phase III (Commercial) . . .				44.6	—	5.4	35.7	3.5			
Phase III (Underground) . .				30.7	27.4	—	—	3.3			
Total				141.8	27.4	5.4	94.9	14.0	452.6	127.8	78.0%

As of February 28, 2013, the overall occupancy rate of Wuxi Wuzhou International Chinese Food Culture Exposition City was 98.0%.

Meicun Wuzhou International Plaza (梅村五洲國際廣場)



Meicun Wuzhou International Plaza is located in Meicun Town, New District, Wuxi, Jiangsu Province. This project is a multi-functional commercial complex, including a shopping mall, a cinema, restaurants of Chinese and Western cuisines, entertainment facilities and business apartments. It is the first large-scale multi-functional commercial complex in the Meicun Town to fulfill the shopping and entertainment needs of local residents.

Meicun Wuzhou International Plaza was developed by our subsidiary, Wuxi International Property. We entered into the land use contracts with respect to Meicun Wuzhou International Plaza in January 2010 and began to construct this project in December 2010. This project was open for operation in 2012. We have fully paid the land premium in an aggregate amount of RMB106.0 million for this project.

The construction completion certificate for Meicun Wuzhou International Plaza was obtained on October 16, 2012 and the building ownership certificates for Meicun Wuzhou International Plaza were obtained on January 18, 2013.

BUSINESS

A brief description of this project as of February 28, 2013 is set out below:

Project Phase (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred
										(RMB in millions)
Commercial	Dec 2010	Oct 2012	Jun 2011	26.6	1.1	13.6	—	2.0	9.9	
Business apartment	Dec 2010	Oct 2012	Jun 2011	1.6	—	1.6	—	—	—	
Underground	Dec 2010	Oct 2012	—	26.1	12.8	—	—	—	13.3	
Total				54.3	13.9	15.2	—	2.0	23.2	327.6

As of February 28, 2013, the overall occupancy rate of Meicun Wuzhou International Plaza was 91.0%.

Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)



Yangjian Wuzhou International Plaza is a multi-functional commercial complex located in Wuxi, Jiangsu Province and was developed by our wholly owned subsidiary, Wuxi Property Investment. The total GFA for the project is approximately 142,249.0 sq.m., of which 37,170.0 sq.m. is held for sale and 10,645.2 sq.m. is held for lease. We have partially completed the construction of certain commercial properties of Phase I in September 2012 and expect to complete the entire project by October 2013. Yangjian Wuzhou International Plaza provides shopping, dining and entertainment, services and includes residential apartments.

We entered into the land use rights grant contracts with respect to Yangjian Wuzhou International Plaza in February 2011 and have fully paid the land premium in an aggregate amount of RMB135.0 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred
										(RMB in millions)
Phase I (Area B1) (Commercial)	Jun 2011	Sep 2012	Aug 2011	9.7	0.3	9.1	—	0.3	—	
Total				9.7	0.3	9.1	—	0.3	—	72.7

BUSINESS

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Nov 2011	Mar 2013	Aug 2012								
Phase I (Commercial) ..				39.8	4.0	3.9	21.3	10.6			
Phase I (Residential)				63.0	—	47.4	15.6	—			
Phase I (Underground) ..				29.7	29.7	—	—	—			
Total				132.5	33.7	51.3	36.9	10.6	394.1	45.8	89.6%

As of February 28, 2013, the overall occupancy rate of Yangjian Wuzhou International Plaza was 91.0%.

Nantong Wuzhou International Plaza (南通五洲國際廣場)

Nantong Wuzhou International Plaza will be a multi-functional commercial complex located in Nantong, Jiangsu Province and is developed by our subsidiary, Nantong Wuzhou. The estimated total GFA is approximately 365,141.0 sq.m., of which 259,855.3 sq.m. is estimated to be held for sale and 6,038.0 sq.m. is estimated to be held for lease. We expect to complete the construction of this project by May 2014. Nantong Wuzhou International Plaza is designed to provide shopping, entertainment, dining and recreation services and to include a hotel, office buildings and residential apartments.

We entered into the land use rights grant contracts with respect to Nantong Wuzhou International Plaza in May 2010 and have fully paid the land premium in an aggregate amount of RMB91.6 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project phases (Under development)	Construction commence- ment date	Estimated construction completion date	Pre-sale commence- ment date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Apr 2012	May 2014	Sep 2012								
Northern Area (Residential)				100.0	—	21.1	78.9	—			
Northern Area (Office)				1.4	1.2	—	0.2	—			
Northern Area (Underground)				35.4	35.4	—	—	—			
Sub-total				136.8	36.6	21.1	79.1	—	421.7	46.2	90.1%
	Oct 2012	Jan 2014	Apr 2013								
Southern Area (Business apartment)				29.4	—	—	29.4	—			
Southern Area (Office)				28.1	—	—	28.1	—			
Southern Area (Hotel)				16.6	—	—	16.6*	—			
Southern Area (Commercial)				83.4	0.4	—	77.0	6.0			
Southern Area (Underground)				70.8	41.2	—	29.6	—			
Sub-total				228.3	41.6	—	180.7	6.0	506.8	485.1	51.1%
Total				365.1	78.2	21.1	259.8	6.0	928.5	531.3	63.6%

Note:

* this hotel is commissioned by and will be sold to a third party.

BUSINESS

Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)

Yancheng Wuzhou International Plaza will be a multi-functional commercial complex located in Yancheng, Jiangsu Province and is developed by our wholly owned subsidiary, Yancheng Wuzhou. The estimated total GFA is approximately 96,351.0 sq.m., 34,694.1 sq.m. of which is estimated to be held for sale and 16,493.4 sq.m. is estimated to be held for lease. We expect to complete the construction of this project by June 2013. Yancheng Wuzhou International Plaza is designed to provide shopping, entertainment, dining and recreation services and to include a hotel. We seek to make Yancheng Wuzhou International Plaza a new commercial landmark in the northern area of Jiangsu Province.

We entered into a hotel management agreement with a well-known international hotel brand to act as the property manager for the hotel in this project. We will bear all costs and expenses, including a management fee, and enjoy all benefits in connection with operating the hotel. However, we do not intend to expand into the hotel business.

We will be required to obtain certain permits and licenses, including a special business license for the hotel industry and a health permit, under the PRC laws. Please refer to the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix V to this document for specific conditions for applying for such certificates. We believe that there is no legal impediment to obtaining such certificates and plan to apply for such certificates before the commencement of operation of this hotel.

We entered into the land use rights grant contracts with respect to Yancheng Wuzhou International Plaza in January 2010 and have fully paid the land premium in an aggregate amount of RMB139.6 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project phases (Under development)	Construction commence- ment date	Estimated construction completion date	Pre-sale commence- ment date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
				('000 sq.m.)					(RMB in millions)		
	May 2011	Jun 2013	Jun 2012								
Commercial				35.4	—	12.3	17.2	5.9			
Office				10.6	—	4.4	6.2	—			
Hotel				11.3	—	—	11.3	—			
Underground				39.1	28.5	—	—	10.6			
Total				96.4	28.5	16.7	34.7	16.5	362.5	87.5	79.4%

Among all the saleable GFA of Yancheng Wuzhou International Plaza, 11,318.7 sq.m. will be developed as a hotel to be operated by us.

Huaian Wuzhou International Plaza (淮安五洲國際廣場)

Huaian Wuzhou International Plaza will be a multi-functional commercial complex located in Xuyi, Jiangsu Province and is developed by our wholly owned subsidiary, Xuyi Wuzhou. The project comprises two phases. We have begun construction of Phase I with an estimated GFA of 146,990.0 sq.m., and we expect to complete the construction by December 2013. Phase II of this project is planned for future development with an estimated total GFA of 91,344.0 sq.m. We plan to commence the construction of Phase II in September 2013 and expect to complete the construction by October 2015. Huaian Wuzhou International Plaza is designed to provide shopping, dining, recreation and exhibition services and to include office buildings and business apartments.

BUSINESS

We entered into the land use rights grant contracts with respect to Huaian Wuzhou International Plaza in March 2010 and have fully paid the land premium in an aggregate amount of RMB189.0 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commence- ment date	Estimated construction completion date	Pre-sale commence- ment date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	May 2011	Dec 2013	Nov 2011								
					('000 sq.m.)				(RMB in millions)		
Phase I											
(Commercial)				82.0	—	12.2	44.2	25.6			
Phase I (Office)				38.8	—	1.0	37.8	—			
Phase I											
(Underground)				26.2	24.1	—	—	2.1			
Total				147.0	24.1	13.2	82.0	27.7	322.1	116.4	73.5%

Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated development costs to be incurred
	Sep 2013	Oct 2015	Feb 2014					
					('000 sq.m.)		(RMB in millions)	
Phase II								
(Commercial)				38.5	—	38.5		
Phase II								
(Residential)				39.8	—	39.8		
Phase II								
(Underground)				13.0	13.0	—		
Total				91.3	13.0	78.3	96.2	239.3

Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)

Wuxi New District Columbus Plaza will be a multi-functional commercial complex located in the new district of Wuxi, Jiangsu Province and is developed by our subsidiary, Wuxi Longteng. The estimated total GFA is approximately 91,924.2 sq.m., of which 52,261.7 sq.m. is estimated to be held for sale and 4,360.9 sq.m. is estimated to be held for lease. We expect to complete the construction of this project by June 2013. Wuxi New District Columbus Plaza is designed to contain a department store, a supermarket, an indoor amusement center and a cinema.

We entered into the land use rights grant contracts with respect to Wuxi New District Columbus Plaza in December 2010 and have fully paid the land premium in an aggregate amount of RMB214.8 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Aug 2011	Jun 2013	Nov 2011								
					('000 sq.m.)				(RMB in millions)		
Commercial				27.9	2.7	11.6	11.4	2.2			
Business											
apartment				14.4	—	0.2	14.2	—			
Office				25.0	—	—	25.0	—			
Underground				24.7	18.4	2.3	1.7	2.2			
Total				91.9	21.1	14.1	52.3	4.4	543.7	53.8	91.0%

BUSINESS

Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)

Jianhu Wuzhou International Trade City will be a specialized wholesale market located in Jianhu, Jiangsu Province and is developed by our wholly owned subsidiary, Jianhu Wuzhou. The project comprises two phases. We have begun construction of Phase I with an estimated GFA of 111,138.0 sq.m. and completed the construction in April 2013. Phase II of this project is planned for future development with an estimated total GFA of 114,139.7 sq.m. We plan to commence the construction of Phase II in August 2013 and expect to complete the construction by September 2015.

We entered into the land use rights grant contracts with respect to Jianhu Wuzhou International Trade City in September 2011 and have fully paid the land premium in an aggregate amount of RMB58.3 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project phases (Under development)	Construction commence- ment date	Estimated construction completion date	Pre-sale commence- ment date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Feb 2012	Apr 2013	Mar 2012								
Phase I											
(Commercial) ...				70.1	—	30.2	39.9	—			
Phase I											
(Office)				41.0	—	—	41.0	—			
Total				111.1	—	30.2	80.9	—	242.5	2.1	99.1%

Project phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimate pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
	Aug 2013	Sep 2015	Nov 2013					
Phase II								
(Commercial)				14.3	—	14.4		
Phase II								
(Office)				32.3	—	32.3		
Phase II								
(Exhibition)				47.1	—	47.1		
Phase II								
(Underground)				20.4	20.4	—		
Total				114.1	20.4	93.8	22.7	309.8

Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)

Luoshe Wuzhou Columbus Plaza will be a multi-functional commercial complex located in Huishan District, Wuxi, Jiangsu Province. Luoshe Wuzhou Columbus Plaza is developed by our wholly owned subsidiary, Longshen Marketing Development. The estimated total GFA is approximately 51,222.0 sq.m., of which 21,218.1 sq.m. is estimated to be held for sale and 12,730.0 sq.m. is estimated to be held for lease. We expect to complete the construction of this project by March 2014. Luoshe Wuzhou Columbus Plaza is designed to provide shopping, entertainment, dining and recreation services.

We entered into the land use rights grant contracts with respect to Luoshe Wuzhou Columbus Plaza in February 2011 and have fully paid the land premium in an aggregate amount of RMB99.0 million for this project.

BUSINESS

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
						(^{'000} sq.m.)				(RMB in millions)	
	Aug 2012	Mar 2014	Sep 2012								
Commercial				26.0	0.3	4.3	17.7	3.7			
Underground . . .				25.2	12.7	—	3.5	9.0			
Total				51.2	13.0	4.3	21.2	12.7	182.1	125.5	59.2%

Yunnan Province

Dali Wuzhou International Trade City (大理五洲國際商貿城)



Dali Wuzhou International Trade City is located in Manjiang District, Dali, Yunnan Province. According to Savills, it is the largest specialized wholesale market in the western part of Yunnan Province in terms of total planned GFA, which provides a trading platform for mechanical and electrical hardware, automobile spare parts, home furnishings and construction materials and small commodities.

Dali Wuzhou International Trade City was developed by our wholly owned subsidiary, Dali Wuzhou. We entered into the land use rights grant contracts with respect to Dali Wuzhou International Trade City in October 2010 and have fully paid the land premium in an aggregate amount of RMB216.1 million for this project.

The entire project comprises three phases. We have partially completed Phase I with total GFA of 119,469.7 sq.m. Completed developments in Phase I include business apartments and commercial properties. We are developing the remaining properties in Phase I and also Phase II with an estimated GFA of 121,664.2 sq.m. Phase III of this project is planned for future development with an estimated total GFA of 941,702.1 sq.m. We plan to commence the construction of Phase III in July 2013 and expect to complete the construction by June 2019.

The construction completion certificate for Dali Wuzhou International Trade City (Phase I) was obtained on June 25, 2012. We applied for initial ownership registration certificate for Dali Wuzhou International Trade City (Phase I) with the Housing and Urban-Rural Development Bureau of Dali Innovation Industrial District in March 2013 and received a written confirmation that our application was in compliance with relevant laws and regulations. The Housing and Urban-Rural Development Bureau of Dali Innovation Industrial District informed us that the initial ownership registration certificate is not required for the purchasers to apply for their individual building ownership certificates and would issue individual building ownership certificates directly to the purchasers upon their individual applications.

BUSINESS

A brief description of this project as of February 28, 2013 is set out below:

Project phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered ('000 sq.m.)	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred (RMB in millions)
Phase I (Commercial)	Jun 2011	Jun 2012	Jul 2011	64.4	0.9	59.4	1.2	2.9	—	
Phase I (Business apartment)	Jun 2011	Jun 2012	Aug 2011	55.1	—	28.8	—	26.3	—	
Total				119.5	0.9	88.2	1.2	29.2	—	219.1

Project phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Sep 2012	Dec 2013	Oct 2012								
Phase I (Exhibition)				88.4	—	—	26.5	61.9			
Sub-total				88.4	—	—	26.5	61.9	77.1	144.7	34.8%
Phase II (Commercial)				22.4	—	8.9	13.5	—			
Phase II (Business Apartment)				10.9	—	—	10.9	—			
Sub-total				33.3	—	8.9	24.4	—	35.2	46.7	43.0%
Total				121.7	—	8.9	50.9	61.9	112.3	191.4	37.0%

Project phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated development costs to be incurred
	Jul 2013	Jun 2019	Mar 2014					
Phase III (Business apartment)				635.0	—	635.0		
Phase III (Commercial)				129.9	—	129.9		
Phase III (Exhibition)				125.4	—	125.4		
Phase III (Office)				40.0	—	40.0		
Phase III (Underground)				11.4	—	11.4		
Total				941.7	—	941.7	147.6	1,840.7

As of February 28, 2013, the occupancy rate of Dali Wuzhou International Trade City was 98.0%.

Chongqing Municipality

Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)



BUSINESS

Rongchang Wuzhou Hardware Ornamental City will be a specialized wholesale market located in Chongqing Municipality and is developed by our wholly owned subsidiary, Rongchang Wuzhou. The entire project comprises two phases. We have partially completed Phase I with total GFA of 85,350.0 sq.m. Completed developments in Phase I include a portion of commercial and office properties. We are developing remaining properties in Phase I with an estimated total GFA of 193,407.1 sq.m. Phase II of this project is planned for future development with an estimated total GFA of 197,039.0 sq.m. We plan to commence the construction of Phase II in August 2013 and expect to complete the construction by August 2015.

We entered into the land use rights grant contracts with respect to Rongchang Wuzhou Hardware Ornamental City in October 2010 and have fully paid the land premium in an aggregate amount of RMB203.3 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered ('000 sq.m.)	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred (RMB in millions)
Phase I (Commercial)	Aug 2011	Feb 2013	Sep 2011	74.1	—	—	69.6	4.5	—	
Phase I (Office)	Aug 2011	Feb 2013	Sep 2011	11.3	—	—	11.3	—	—	
Total				85.4	—	—	80.9	4.5	—	184.0

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Aug 2011	Dec 2013	Nov 2011								
Phase I (Exhibition)				65.5	—	—	65.5	—			
Phase I (Commercial)				30.7	—	—	30.7	—			
Phase I (Office)				68.3	—	—	68.3	—			
Phase I (Business apartment)				8.8	—	—	8.8	—			
Phase I (Underground)				20.1	20.1	—	—	—			
Total				193.4	20.1	—	173.3	—	334.0	83.0	80.1%

Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated development costs to be incurred
	Aug 2013	Aug 2015	Oct 2013					
Phase II (Commercial)				197.0	—	197.0	29.3	491.7
Total				197.0	—	197.0	29.3	491.7

Zhejiang Province

Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)

Hangzhou Wuzhou International Plaza will be a multi-functional commercial complex located in Hangzhou, Zhejiang Province and is developed by our wholly owned subsidiary, Hangzhou Longan. The estimated total GFA is approximately 76,631.0 sq.m., of which 41,863.0 sq.m. is estimated to be held for sale and 17,778.0 sq.m. is estimated to be held for lease. We expect to complete the

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construction of this project by December 2013. Hangzhou Wuzhou International Plaza is designed to provide shopping, entertainment, dining and recreation services.

We entered into the land use rights grant contracts with respect to Hangzhou Wuzhou International Plaza in September 2009 and have fully paid the land premium in an aggregate amount of RMB171.0 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Mar 2011	Dec 2013	May 2013								
					('000 sq.m.)				(RMB in millions)		
Office				27.2	—	—	27.2	—			
Commercial				19.3	—	—	14.7	4.7			
Underground				30.1	17.0	—	—	13.1			
Total				76.6	17.0	—	41.9	17.8	514.1	163.0	75.9%

Shandong Province

China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)

China Longkou Wuzhou International Trade City is located in Longkou, Shandong Province. It will be developed by our subsidiary, Longkou Wuzhou International Commercial City Co., Ltd. We entered into the land use rights grant contracts with respect to China Longkou Wuzhou International Trade City in November 2011 and have fully paid the land premium in an aggregate amount of RMB64.4 million for this project.

China Longkou Wuzhou International Trade City will be a specialized wholesale market development. The estimated total GFA of China Longkou Wuzhou International Trade City will be 150,496.4 sq.m., of which 118,237.5 sq.m. will be held for sale. We plan to commence the construction in August 2013, and expect to complete the construction of this project by December 2014.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Feb 2013	Dec 2014	Mar 2013								
					('000 sq.m.)				(RMB in millions)		
Commercial				22.3	—	—	22.3	—			
Total				22.3	—	—	22.3	—	23.4	40.5	36.6%

Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
	Aug 2013	Dec 2014	Oct 2013		(’000 sq.m.)		(RMB in millions)	
Commercial				96.0	—	96.0		
Underground				32.2	32.2	—		
Total				128.2	32.2	96.0	36.8	331.6

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Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城 (福山))

Yantai Wuzhou International Industrial Exhibition City (Fushan) will be a specialized wholesale market located in Yantai, Shandong Province and is developed by our subsidiary Yantai Wuzhou Property Co., Ltd. We have begun construction of this project with an estimated GFA of 55,776.0 sq.m. in October 2012, and we expect to complete the construction of this project by December 2013.

We entered into the land use rights grant contracts with respect to Yantai Wuzhou International Industrial Exhibition City (Fushan) in June 2012 and have fully paid the land premium in an aggregate amount of RMB70.0 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non- saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	Oct 2012	Dec 2013	Dec 2012								
					('000 sq.m.)				(RMB in millions)		
Commercial ...				39.6	—	28.7	10.9	—			
Office				16.1	—	—	16.1	—			
Total				55.7	—	28.7	27.0	—	108.0	33.4	76.4%

Leling Wuzhou International Ornamental City (樂陵五洲國際裝飾城)

Leling Wuzhou International Ornamental City will be a specialized wholesale market located in Leling, Shandong province and is developed by our subsidiary, Leling Wuzhou. The entire project comprises two phases. We are developing part of Phase I with an estimated GFA of 38,178.8 sq.m. and we expect to complete the construction by June 2013. Another part of Phase I and Phase II of this project is planned for future development with an estimated GFA of 413,676.5 sq.m. We plan to commence the construction of Phase II in October 2013 and expect to complete the construction by February 2015.

We entered into the land use rights grant contracts with respect to Leling Wuzhou International Ornamental City in January 2012 and have fully paid the land premium in an aggregate amount of RMB169.5 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non- saleable GFA	GFA pre- sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
	May 2012	Jun 2013	Sep 2012								
					('000 sq.m.)				(RMB in millions)		
Phase I (Commercial)				21.2	0.3	0.6	20.3	—			
Phase I (Business apartment)				11.2	—	—	11.2	—			
Phase I (Office)				5.6	—	—	5.6	—			
Phase I (Underground) ...				0.2	0.2	—	—	—			
Total				38.2	0.5	0.6	37.1	—	44.4	45.3	49.5%

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Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
				('000 sq.m.)			(RMB in millions)	
	Oct 2013	Feb 2015	Dec 2013					
Phase I (Exhibition) . . .				41.9	—	41.9		
Phase II (Residential)				96.5	—	96.5		
Phase II (Commercial)				112.5	—	112.5		
Phase II (Business apartment)				42.4	—	42.4		
Phase II (Office)				24.2	—	24.2		
Phase II (Exhibition) . . .				42.0	—	42.0		
Phase II (Underground)				54.2	54.2	—		
Total				413.7	54.2	359.5	26.1	1,068.0

Hubei Province

Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)

Xiangyang Wuzhou International Industrial Exhibition City will be a specialized wholesale market located in Xiangyang, Hubei province and is developed by our subsidiary, Xiangyang Wuzhou International Commercial City Co., Ltd. The entire project comprises two phases. We have begun construction of Phase I with an estimated GFA of 217,144.0 sq.m. and we expect to complete the construction by September 2013. Phase II of this project is planned for future development with an estimated total GFA of 350,069.6 sq.m. We plan to commence the construction of Phase II in July 2013 and expect to complete the construction by December 2015.

We entered into the land use rights grant contracts with respect to Xiangyang Wuzhou International Industrial Exhibition City in June 2012 and have fully paid the land premium in an aggregate amount of RMB233.4 million for this project.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases (Under development)	Construction commencement date	Estimated construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA pre-sold	GFA held for sale	GFA held for lease	Development costs incurred	Estimated development costs to be incurred	Percentage of completion
				('000 sq.m.)					(RMB in millions)		
	July 2012	Sep 2013	Sep 2012								
Phase I (Commercial) . . .				115.5	0.5	70.9	44.1	—			
Phase I (Office)				99.7	—	11.5	88.2	—			
Phase I (Underground) . .				1.9	1.9	—	—	—			
Total				217.1	2.4	82.4	132.3	—	187.1	176.9	51.4%

Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
				('000 sq.m.)			(RMB in millions)	
	Jul 2013	Dec 2015	Nov 2013					
Phase II (Office)				175.8	—	175.8		
Phase II (Commercial)				121.2	—	121.2		
Phase II (Underground)				53.1	53.1	—		
Total				350.1	53.1	297.0	34.4	768.7

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Projects Planned for Future Development

We aim to build new specialized wholesale markets to meet the demands of industrial towns or regional hub cities, such as Yantai (煙台) and Shenyang (瀋陽), and new multi-functional commercial complexes in cities that are experiencing rapid economic and demographic growth, such as Hangzhou (杭州), Nantong (南通), Yancheng (鹽城) and Xuyi (盱眙). As of February 28, 2013, we had 15 project phases planned for future development in 12 cities, representing a total estimated GFA of 4.1 million sq.m., 2.9 million sq.m., or 70.7% of the total estimated GFA under these projects, are reserved for specialized wholesale market purposes, and 1.2 million sq.m., or 29.3%, are reserved for multi-functional commercial complex purposes. We may consider utilizing part of the net proceeds from the [●] to finance the development of our projects planned for future development, as described in “Future Plans and Use of Proceeds”.

The projects planned for future development consist of six new projects and expansions of nine existing projects. The projects planned for future development are listed as follows:

- Wuxi Wuzhou International Ornamental City (Phase V)
- Wuxi Wuzhou International Industrial Exhibition City (Phase II Product Exhibition Halls D, Phase I Exhibition Halls B, and a multi-function building)
- Rongchang Wuzhou Hardware Ornamental City (Phase II)
- Huaian Wuzhou International Plaza (Phase II)
- Dali Wuzhou International Trade City (Phase III)
- Jianhu Wuzhou International Trade City (Phase II)
- Leling Wuzhou International Ornamental City (Phase II)
- Xiangyang Wuzhou International Industrial Exhibition City (Phase II)
- China Longkou Wuzhou International Trade City
- Jiangyin Wuzhou International Plaza
- Sheyang Wuzhou International Plaza
- Qianzhou Wuzhou International Plaza
- Jianhu China Green Light Exposition City
- Baoshan Wuzhou International Plaza
- Wuzhou International Automobile Exhibition City

Descriptions of expansion of existing projects are addressed in the paragraphs above. Descriptions of new projects are set out below:

Jiangsu Province

Jianhu China Green Light Exposition City (建湖中國綠色照明博覽園)

Jianhu China Green Light Exposition City is located in Jianhu, Jiangsu Province. It will be developed by our subsidiary, Jiangsu Wuzhou International Business Development Co. Ltd. We

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entered into the land use rights grant contracts with respect to Jianhu China Green Light Exposition City in April 2012 and have fully paid the land premium in an aggregate amount of RMB22.4 million for this project.

Jianhu China Green Light Exposition City will be a specialized wholesale market development and will contain storage and logistics facilities, an office building and a research and development center. The estimated total GFA of Jianhu China Light Exposition City will be 94,203.0 sq.m., all of which is estimated to be held for sale. We plan to commence the construction in June 2013, and expect to complete the construction of this project by October 2014.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	Estimated saleable/leasable GFA	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
				('000 sq.m.)			(RMB in millions)	
	Jun 2013	Oct 2014	Sep 2013					
Commercial				34.6	—	34.6		
Office				6.6	—	6.6		
Exhibition				53.0	—	53.0		
Total				94.2	—	94.2	5.9	249.2

Sheyang Wuzhou International Plaza (射陽五洲國際廣場)

Sheyang Wuzhou International Plaza is located in Sheyang, Jiangsu Province. It will be developed by our subsidiary, Sheyang Wuzhou International Property Co., Ltd. We entered into the land use rights grant contracts with respect to Sheyang Wuzhou International Plaza in July 2012 and have fully paid the land premium in an aggregate amount of RMB65.2 million for this project.

Sheyang Wuzhou International Plaza will be a multi-functional commercial complex and will contain a shopping mall, a theater, a restaurant, an office building and residential apartments. The estimated total GFA of Sheyang Wuzhou International Plaza will be 479,676.8 sq.m., of which 433,407.8 sq.m. is estimated to be held for sale. We commenced the construction in May 2013, and expect to complete the construction of this project in May 2016.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases	Construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	Estimated saleable/leasable GFA	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
					('000 sq.m.)		(RMB in millions)	
	May 2013	May 2016	Jun 2013					
Residential				138.1	—	138.1		
Office				140.9	—	140.9		
Commercial				154.4	—	154.4		
Underground . . .				46.3	46.3	—		
Total				479.7	46.3	433.4	27.7	1,283.2

Jiangyin Wuzhou International Plaza (江陰五洲國際廣場)

Jiangyin Wuzhou International Plaza is located in Jiangyin, Wuxi, Jiangsu Province. It will be developed by our subsidiary, Jiangyin Wuzhou Property Co., Ltd. We entered into the land use rights grant contracts with respect to Jiangyin Wuzhou International Plaza in September 2012 and have fully paid the land premium in an aggregate amount of RMB148.5 million for this project.

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Jiangyin Wuzhou International Plaza will be a multi-functional commercial complex and will contain a shopping mall, a commercial pedestrian street, home offices, an office building and residential apartments. The estimated total GFA of Jiangyin Wuzhou International Plaza will be 262,842.5 sq.m., of which 216,445.6 sq.m. is estimated to be held for sale. We commenced the construction in April 2013, and expect to complete the construction of this project in April 2015.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases	Construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	Estimated saleable/leasable GFA	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
	Apr 2013	Apr 2015	Apr 2013		('000 sq.m.)		(RMB in millions)	
Office				43.4	—	43.4		
Commercial				89.4	2.6	86.8		
Residential				54.0	—	54.0		
Business apartment				32.2	—	32.2		
Underground				43.8	43.8	—		
Total				262.8	46.4	216.4	153.7	721.0

Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)

Qianzhou Wuzhou International Plaza is located in Qianzhou County, Wuxi, Jiangsu Province. It will be developed by our subsidiary Wuxi Wuzhou Real Estate Corporation Limited. We entered into the land use rights grant contracts with respect to Qianzhou Wuzhou International Plaza in November 2012. The land premium for this project was RMB103.4 million and have been fully paid.

Qianzhou Wuzhou International Plaza will be a multi-functional commercial complex and will contain commercial shops, a supermarket, a cinema and residential apartments. The estimated total GFA of Qianzhou Wuzhou International Plaza will be 127,746.8 sq.m., of which 108,816.0 will be held for sale. We plan to commence the construction in June 2013, and expect to complete the construction of this project by December 2014.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	Estimated saleable/leasable GFA	Estimated development costs incurred (Land Premium)	Estimated developments costs to be incurred
					('000 sq.m.)		(RMB in millions)	
	Mar 2014	Mar 2016	Jun 2014					
Area A (Commercial)				19.3	—	19.3		
Area A (Business apartment)				31.2	—	31.2		
Area A (Underground)				2.8	2.8	—		
Sub-total				53.3	2.8	50.5	9.6	182.9
	Jun 2013	Dec 2014	Aug 2013					
Area B (Commercial)				58.3	—	58.3		
Area B (Underground)				16.1	16.1	—		
Sub-total				74.4	16.1	58.3	11.1	245.7
Total				127.7	18.9	108.8	20.7	428.6

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Wuzhou International Automobile Exhibition City (五洲國際汽車博覽城)

Wuzhou International Automobile Exhibition City is located in Nantong City, Jiangsu Province. It will be developed by our subsidiary Nantong Wuzhou Commercial Investment Co., Ltd. We entered into the land use rights grant contract with respect to Wuzhou International Automobile Exhibition City in January 2013 and have fully paid the land premium in an aggregate amount of RMB259.6 million for this project.

Wuzhou International Automobile Exhibition City will be a specialized wholesale market development and will contain a specialized automobile market, and residential apartments. The estimated total GFA of Wuzhou International Automobile Exhibition City will be 430,287.0 sq.m., of which 346,732.2 sq.m. is estimated to be held for sale. The entire project will comprise two phases. We plan to commence the construction of Phase I and Phase II in June 2013, and expect to complete the construction of Phase I in August 2014 and Phase II in August 2015.

A brief description of this project as of February 28, 2013 is set out below:

Project Phases	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	Estimated saleable/leasable GFA	Estimated development costs incurred (Land Premium)	Estimated development costs to be incurred
					('000 sq.m.)		(RMB in millions)	
Phase I (Commercial) ..	Jun 2013	Aug 2014	Jul 2013	121.9	1.1	120.8		
Phase I (Business apartment)				18.5	—	18.5		
Phase I (Office)				83.4	—	83.4		
Phase I (Underground)				20.7	20.7	—		
Sub-total				244.5	21.8	222.7	37.5	719.2
Phase II (Residential) ...	Jun 2013	Aug 2015	Sep 2013	112.1	—	112.1		
Phase II (Commercial)				12.8	0.9	11.9		
Phase II (Underground)				60.9	60.9	—		
Sub-total				185.8	61.8	124.0	28.5	546.8
Total				430.3	83.6	346.7	66.0	1,266.0

Yunnan Province

Baoshan Wuzhou International Plaza (保山五洲國際廣場)

Baoshan Wuzhou International Plaza is located in Baoshan City, Yunnan Province. It will be developed by our subsidiary Baoshan Wuzhou International Plaza Co., Ltd. We entered into the land use rights grant contract with respect to Baoshan Wuzhou International Plaza in January 2013. The land premium for this project was RMB101.6 million and had been fully paid as of the Latest Practicable Date.

Baoshan Wuzhou International Plaza will be a multi-functional commercial complex and will include commercial shops, a supermarket, a cinema, department stores, an office building and residential apartments. The estimated total GFA of Baoshan Wuzhou International Plaza will be 209,231.0 sq.m., of which 186,855.0 sq.m. is estimated to be held for sale. We plan to commence the construction in June 2013, and expect to complete the construction of this project in August 2016.

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A brief description of this project as of February 28, 2013 is set out below:

Project Phases	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	Estimated saleable/leasable GFA	Estimated development costs incurred (Land Premium)	Estimated development costs to be incurred
	Jun 2013	Aug 2016	Oct 2013		(’000 sq.m.)		(RMB in millions)	
Commercial				106.2	—	106.2		
Residential				48.6	—	48.6		
Office				32.1	—	32.1		
Underground				22.4	22.4	—		
Total				209.3	22.4	186.9	20.5	642.9

Projects with MOUs Signed

As of February 28, 2013, we entered into 16 MOUs with local governments in relation to the acquisition of parcels of land. For more details of the projects with MOUs signed, please see “Business — Our Projects — Stages of Project Development”. Based on our overall strategies and business development plans for the development of parcels and the progress of the transactions under these MOUs, we plan to focus on five of such MOUs that are more likely to materialize. These five MOUs have a total site area of 0.7 million sq.m. in Jiangsu, Shangdong, Liaoning, Henan and Chongqing.

Pursuant to these five MOUs, we may be granted the land use rights relating to these parcels of land through public tenders, auctions and listings-for-sale. Under the MOU of Yantai Wuzhou International Industrial Exhibition City (Fushan), we have agreed to construct, and the local authority has agreed to purchase, a portion of the properties to be developed for local resettlement, and in addition to this, we have agreed to provide properties with a GFA of 3,700 sq.m. free of charge to the village committee as collectively owned assets. However, there is no assurance that any such land use rights will be granted. Notwithstanding the MOUs we entered into, there is no guarantee that we will be successful in securing the land use rights grant contracts and obtaining the relevant land use rights, or that we will obtain the relevant approval. We are also not obligated to pay any land premium before entering into land use rights grant contracts with the local governments. If we decide to bid in accordance with our business plan and are successful in our bid, we will enter into a land use rights grant contract and pay a land premium as required by the relevant laws and regulations in order to obtain the title to the land for our development.

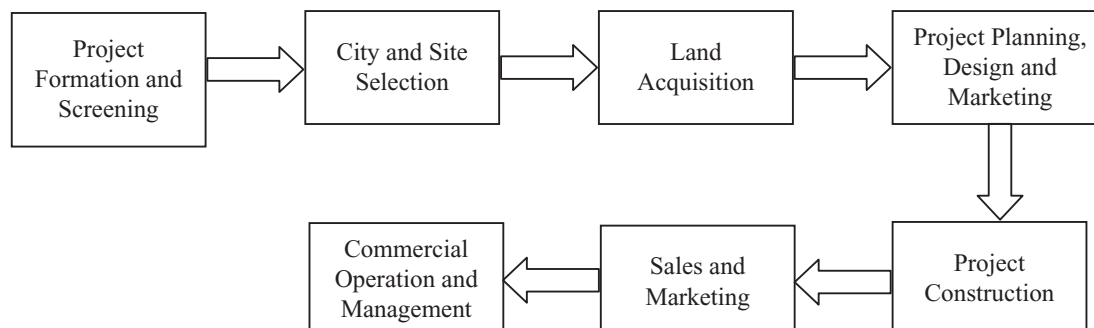
Additional land acquired after February 28, 2013

In March 2013, we entered into a land use rights grant contract with the Land and Resources Bureau of Ruian and acquired a parcel of land located in Ruian City, Zhejiang Province, with a total site area of 90,022 sq.m. and a plot ratio between 1.5 to 2.3. This parcel of land is designated for commercial use. The land premium for this parcel of land was RMB108.03 million. We have not obtained the land use rights certificate for this parcel of land as of the date of this document.

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PROJECT DEVELOPMENT PROCESS

We have formulated and maintained a systematic approach in planning, designing, investing in and developing our properties. Our project development process is described in the diagram below:



Project Formation and Screening

We have a project planning team of 41 staff that investigates potential projects. We begin identifying and evaluating potential development opportunities by investigating available sites that are compatible with our overall business development strategies. International Marketing Development monitors and collects information on available sites from the official websites of a number of local governments and other publicly available sources. We survey our existing network of occupiers to obtain their perspective on demand and potential opportunities. Under the supervision of our investment and development department, International Marketing Development conducts preliminary screening of the sites based on our guidelines relating to city and site selection based on key characteristics of the local market, including main drivers for the local economy, disposable income levels, spending patterns, growth potential and future urban planning. Based on the results of our preliminary screening, our investment and development department and International Marketing Development outline the most desirable and suitable property type for a particular site and conduct a preliminary feasibility study specifying the proposed project type, industries to be covered and services to be offered.

City and Site Selection

We conduct detailed due diligence investigations and analysis of economic statistics, consumer behavior and industrial demand on potential development opportunities that have passed our preliminary screening and feasibility studies. During this stage, our Board, certain senior management personnel, our investment and development department and International Marketing Development are actively involved in the city and site selection process and closely follow our selection guidelines.

Our projects are chosen after a selection process comprising site visits, thorough market research and in-depth analysis. Our investment and development department and International Marketing Development continue to collect more detailed property information, including conducting on-site due diligence investigations. We typically conduct surveys of customer profiles relating to restaurants and stores and collect economic data in the vicinity of the site to better understand customer profiles and customer spending patterns in that area. To further assess the commercial viability of the site, we research and evaluate the convenience of the location, potential property demand and potential competition from other property developers. We also rely on real estate magazines and other publications produced by relevant industry associations, as well as communications with local government officials, to understand plans for urban and commercial development in the area.

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We consider the following factors, among others, in our city selection:

- general socio-economic conditions of the city, including geographical coverage, population and level of economic development;
- urban planning and development plans for the next five years;
- purchasing power and spending patterns of the residents;
- supply and demand for commercial properties in the local market;
- existing commercial properties and sites available for developing commercial properties;
- overall competitive landscape, including the identity, size and development plans of existing and potential competitors, pricing and other indicators of competing projects, and the marketing strategies of competitors and competing projects;
- local government’s efficiency and agenda, including any relevant laws and regulations and preferential policies; and
- ease of access to various means of transportation.

We consider the following factors, among others, in our site selection:

- site area and location of the site, in particular, its proximity and accessibility to city centers or business districts, potential property demand and suitability for our project;
- income levels and spending patterns of neighboring communities;
- whether the site is connected to infrastructure such as a robust transportation and supporting facilities currently existing or planned by the local government;
- estimated development costs and time, including demolition and resettlement costs and schedule;
- any surrounding establishments and amenities and expected growth of the surrounding area; and
- expected return of the potential development.

We do not set quantitative thresholds for any of these factors above which we believe is a common industry practice. Based on the above factors, we prepare a detailed feasibility study and market research to evaluate the funding requirements, land acquisition costs, construction budget, expected return and future prospects of the proposed site. If our feasibility study and market research 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. We then proceed with the land acquisition and project planning and design. We believe our site selection process helps us to select sites with the potential for capital appreciation and high rental income.

Land Acquisition

We obtain land use rights through public tenders, auctions or listings-for-sale directly from the relevant government authorities as required under current PRC laws and regulations. When deciding the grant of land use rights, the relevant government authorities will typically consider not only the

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price proposed by, but also the credit history, property development qualifications and development proposal of, the applicant. During the Track Record Period, we acquired substantially all of our sites through public tenders, auctions and listings-for-sale. Grantees of land use rights may, however, dispose of the land use rights in private sales, subject to the terms and conditions of the land use rights grant contracts and relevant laws and regulations, and in the future we may acquire land use rights from third-party grantees of such rights. For details of the applicable regulations, please refer to the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix V to this document.

We believe sizable land reserves acquired at a reasonable cost are crucial to our long-term growth and profitability. With our in-depth knowledge of local urban planning, we endeavor to acquire sites with good growth potential to become new commercial districts and design projects that meet the market demand. As of the Latest Practicable Date, we had obtained land use rights certificates with an aggregate site area of 2.6 million sq.m., and we had entered into land use rights grant contracts for another 0.2 million sq.m. In 2010, 2011 and 2012, our average land cost per sq.m. accounted for 14.8%, 10.2% and 10.7%, respectively, of the respective average selling prices per sq.m., our average land cost per sq.m. relating to our specialized wholesale markets represented 14.8%, 9.5% and 8.2%, respectively, of the respective average selling prices per sq.m., and in 2011 and 2012, our average land cost per sq.m. relating to our multi-functional commercial complexes represented 12.3% and 16.5%, respectively, of the respective average selling prices per sq.m. We continually search for sites that meet our selection criteria. We currently plan to build up sufficient land reserves to satisfy our development requirements for the next two or three years on a rolling basis. Although during the Track Record Period we typically financed our land acquisition costs with advances from our shareholders, bank loans and loans from trust institutions, in the future we may also access the capital market to finance our land acquisition costs with debt and equity instruments as we grow.

Project Planning, Design and Marketing

Project planning and design is conducted through the project formation and screening, city and site selection and project construction stages. We draw up an initial project development outline when conducting our preliminary screening of a site. Once a site is selected, we proactively discuss our plans with local governments and adapt our development plans to the overall development plan of the city. Based on our detailed feasibility study report and thorough market research, we decide the overall design and development phases of the project. Each of our projects has fulfilled the local demands of a broad spectrum of business owners and investors, while accounting for surroundings, demands and conditions. We believe proper project planning and design is crucial to the successful development of a property, and our senior management team actively participates in the master planning of our projects.

Each project has its corresponding project company, and these project companies work closely with our design team, with 102 staff, external designers and architects who are specialized in master planning, architectural design, landscape design and interior design. All of these external designers and architects are independent third parties.

In planning and designing our projects, we consider:

- the type of property to be developed;
- the neighborhood of the site;
- local government planning and development requirements or restrictions;
- the opinions of our external designers and architects;

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- feedback from our sales and marketing personnel; and
- requirements and preferences of our occupiers.

In addition, we collect inputs from our potential customers during the project planning and design stage in order to proactively address their preferences. For example, when we develop a multi-functional commercial complex, we may specifically design certain units for operations of supermarkets, theaters and other anchor tenants who have entered into agreements with us. In collecting feedback from our existing and potential customers in the project formation stage, we also begin marketing for the sale and rental of our planned projects, targeting both new and existing investors, business owners and anchor tenants.

We have developed strong working relationships with a number of professional design firms. We engage design houses to provide professional interior decoration advice to tenants or occupiers, especially anchor tenants of our multi-functional commercial complexes, and render design support and fit-out work for them.

Design fees paid to external design 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.

Project Construction

The construction of our projects is outsourced to independent construction companies, whom we carefully select and closely monitor and supervise to ensure the construction quality is consistent with our project planning and design specifications. Our project management department and planning and design department are responsible for formulating construction plans, setting quality standards, and providing technical support to the project companies during the construction periods. 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 and monitoring and supervising the quality of construction.

Selection of Contractors

We usually invite a minimum of three qualified construction companies to bid for a construction project through a tender process. We have established a selection procedure to choose suitable construction contractors which could meet our quality and workmanship standards. The selection procedure involves detailed due diligence on the construction companies during the bidding process. We consider and review the contractor’s professional qualifications, reputation in the industry, track record, past cooperation experience with us, financial condition and technical capabilities. We carefully evaluate the suitability of each potential contractor before determining whom we award the contract to. Under relevant PRC laws and regulations, construction contractors are required to obtain relevant construction qualification certificates. During the Track Record Period, all of the construction contractors we engaged possessed the requisite qualification certificates. Our contractors are not allowed to subcontract or transfer their obligations to any third party without our prior written consent.

Under our typical construction contracts, we are not responsible for preparatory construction work, including any resident relocation, utilities connection and road construction. The contractor is typically obligated 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 and safety at construction sites. We also review the qualifications and performance of our construction contractors on an annual basis. Total contract value is generally determined on a fixed-price basis and may only

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be adjusted in the event of changes in construction design agreed upon by both parties. Progress payments are made upon the completion of each stage of construction.

During the Track Record Period, we engaged 25 contractors. In 2010, 2011 and 2012, construction costs incurred in respect of our largest construction contractor accounted for 17.9%, 7.8% and 6.1%, respectively, of our total construction costs. During the same periods, construction costs incurred in respect of our five largest construction contractors accounted for 49.5%, 23.6% and 26.7%, respectively, of our total construction costs. None of our Directors, their associates or any of our Shareholders holding more than 5% of our issued share capital has any interest in any of our five largest construction contractors. We do not rely on any of these contractors, as we may readily replace a contractor if it fails to meet the requirements set out in the construction contract or if the construction contract is early terminated. During the Track Record Period, we did not have any material disputes with any of our contractors.

Procurement of Materials

Our contractors are responsible for procuring construction materials, such as cement and steel, to be used in accordance with our requirements regarding suppliers, brands, manufacturers and other factors, while we may procure part of the auxiliary materials, such as cables, for our projects. Our contractors have agreed with us that materials procured by them are subject to approval by our on-site engineers and supervisory engineers before being used in our projects. We typically require the procurement of materials associated with certain brands and manufacturers when the quality of the material varies significantly between brands and manufacturers, as with paint, tiles, escalators and electric cables. We also frequently establish stricter requirements if we require specialty materials that may be more difficult to source. For key construction materials such as cement, steel, electric wire and valves, we typically require our contractors to source from certain designated suppliers. In addition, we have established a performance evaluation system for our suppliers in order to maintain and further develop long-term relationships with them.

We believe that these measures allow us to better control the quality of key construction materials and the schedules of our projects. Substantially all costs of construction materials and auxiliary materials, whether procured by our construction contractors or us, are accounted for under the relevant contractors' fees.

Quality Control

The contracts we enter into with our construction contractors typically include warranties with respect to the quality and schedule of the construction projects. We require our construction contractors to comply with certain standards and specifications, as well as PRC laws and regulations relating to construction quality. 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. During the Track Record Period, we did not experience any material delays in construction or unsatisfactory workmanship with respect to our projects. Going forward, we intend to continue to conduct frequent site inspections to monitor construction progress in order to identify and resolve any problems. We also plan to send relevant experts to provide on-site supervision over major construction procedures. Furthermore, we intend to further delegate supervision responsibilities to our project companies and provide them with performance-based incentives linked to work progress and quality. We believe these control measures will help us to further reduce construction delays and unsatisfactory workmanship.

Construction Supervision

In compliance with PRC laws and regulations, we also engage independent certified construction supervision companies to monitor certain aspects of our project construction. These construction

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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 designated 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 monthly payments to the construction supervision company until 70% to 80% of the contract amount is paid. The remaining amount will be settled within three months after the project has passed the completion acceptance inspection.

Payment

Our construction contracts provide for progressive payments according to milestones reached, until approximately 70% to 75% of the total contract amount is paid. We settle 10% to 15% of the total contract amount after the project has passed the completion acceptance inspection. We typically withhold the remaining 10% 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 two years depending on the type of construction. We believe the amount of retention money we withhold under our construction contracts is in line with industry practice, and our Directors confirm that such retention money should be sufficient to cover the construction warranties we give to our customers under the sales contracts. In addition, we require our construction contractors to provide us with performance bonds of approximately 3% of the contract amount after we have entered into construction contracts with them. In the event of a delay in construction or unsatisfactory workmanship, we may require the contractors to rectify the defects at their expense and pay us liquidated damages. The performance bonds are returned to the contractors after the completion acceptance inspection of the project has been passed.

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.

During the Track Record Period, one of our contractors filed a claim against us over a contract dispute regarding the payment terms of a construction contract. As a result, we were required by the court to make a payment of RMB1.1 million to the contractor, which we do not believe would have any material impact on our results of operations and financial condition.

Sales and Marketing

We maintain centralized sales and marketing departments and International Marketing Development, which consist of 355 staff as of the Latest Practicable Date, to provide sales and marketing services for all of our projects. They are responsible for conducting market research, brand promotion, sales planning, property pricing and sales management. We believe this approach ensures consistency in our promotion and sales strategy on a nationwide basis.

Our centralized marketing department formulates our nationwide marketing strategies and coordinates our promotion activities for all of our projects. Our sales and marketing departments cooperate closely to determine the appropriate advertising and sales strategies for a particular project. They conduct market research, formulate sales, pre-sales and pricing plans and organize on-site sale and pre-sale events. They also solicit input from some of our anchor tenants and repeat clients for site selection, project formation, design and construction of new projects to develop a thorough understanding of client preferences and to better address client needs.

Our promotion channels include commercials on national and local television networks, billboards, visual media and print media and model displays of our proposed projects. As part of our

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marketing strategy, we invite potential customers to visit our completed projects. We organize promotional trading exhibitions in our specialized wholesale markets and seasonal sale events in our multi-functional commercial complexes to improve interaction between visitors to our projects, our occupiers and us. We also sponsored certain well-known sports events and TV programs to increase awareness of our brands.

We target sales of our specialized wholesale market units to small business owners who plan to operate their business from the units they purchase from us and affluent individuals interested in investing in commercial real estate properties. We target our marketing activities at a broad and stable client base, including, as of February 28, 2013, more than 19,000 customers to whom we have sold properties and/or with whom we have entered into lease agreements, and more than 60,000 potential property purchasers and tenants accumulated based on our past experience of developing and operating specialized wholesale markets and multi-functional commercial complexes. As of February 28, 2013, approximately 32% of our potential clients had entered into sales contracts or lease agreements with us.

For multi-functional commercial complex projects, we may sell a portion of our units. We target sales of our commercial complex units to affluent individuals interested in investing in commercial real estate properties. Our target rental customers are retail, hospitality, recreation and entertainment services providers and other business entities seeking to lease quality premises in prime locations. We focus on entering into framework agreements with internationally and nationally well-known supermarkets, hotel chains and entertainment companies, such as Carrefour and Xingmei Cinema. We regard them as leading tenants with prestige and name recognition which may help to attract other tenants and occupiers as our anchor tenants and believe those anchor tenants further enhance our brand image and attract additional customers. During the Track Record Period, revenue generated from sales of units in specialized wholesale markets amounted to RMB815.6 million, RMB1,055.8 million and RMB1,483.3 million, respectively, and revenue generated from sales of units in multi-functional commercial complexes amounted to nil, RMB324.3 million and RMB643.0 million, respectively. The average selling prices of multi-functional commercial complexes are higher than those of specialized wholesale markets. Please refer to the section headed “Our Industry — Real Estate Market in the PRC”.

In 2010, 2011 and 2012, our five largest customers collectively contributed less than 30% of our revenue during the respective periods, respectively. None of our Directors, their associates or any of our shareholders holding more than 5% of our issued capital had any interest in any of our five largest customers during the Track Record Period.

Pre-sales

We pre-sell properties prior to the completion of their construction. According to the Urban Real Estate Law (《中華人民共和國城市房地產管理法》) and the Administrative Measures Governing the Pre-sale of Urban Real Estate (《城市商品房預售管理辦法》), property developers must satisfy specific conditions before they are allowed to pre-sell their properties under construction. These mandatory conditions include the following:

- the land premium must have been paid in full;
- the land use right certificate, construction work planning permit and construction work commencement permit must have been obtained;
- for the pre-sale properties, at least 25% of the total project development investment must have been made, and the progress and the expected completion and delivery date of the construction must be properly ascertained; and
- the pre-sale permit must have been obtained.

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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 sales contracts. Developers must file all sales contracts with local real estate and land administrative departments within 30 days of entering into such contracts.

Local governments may impose additional conditions for commencing the pre-sale of properties. For our projects in Jiangsu Province, we must also satisfy the following conditions:

- in principle, the developer should apply for a pre-sale permit for the project, instead of specific storeys and units, and in terms of any large-scale projects that are developed and delivered in several phases, the developer may apply for pre-sale permits based on the development phases; and
- the developer should open a custody account with a bank for the proceeds generated from the pre-sale.

In addition, in relation to our projects in Chongqing Municipality, in order to commence pre-sales, we must ensure that, for a building that has no more than eight storeys, the main structural construction must be completed and, for a building that has nine or more storeys, the constructed GFA must exceed 50% of the proposed construction GFA approved under the construction work planning permit. In addition, we are required to enter into a supervision agreement with a bank according to local regulations in relation to pre-sales proceeds which we subsequently filed with the local authority.

Moreover, we have implemented policies to ensure that the pre-sales proceeds are applied only towards the settlement of construction costs and other project costs in accordance with the relevant statutory requirements for pre-sales. In addition, payments are made to construction contractors and suppliers of construction materials according to the progress of construction work.

In determining the selling prices of our properties, International Marketing Development conducts market research and prepares a selling price recommendation report, taking into account the prices of properties with similar quality in the surrounding areas, construction costs, construction schedules 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. Most selling activities are handled internally by our sales and marketing departments, but we may engage qualified third-party sales agents, in accordance with PRC law, to conduct selling activities from time to time. During the Track Record Period, our commissions to sales agents represented 1.55%, 1.45% and 1.59% of our total revenue, respectively. By contrast, our internal sales staff receive a remuneration package which is decided according to our internal remuneration policies. The significant decrease in commission rate was primarily due to our strategic decision to conduct sales and marketing activities by our internal sales staff starting from 2010. After the selling process has commenced, we continue to review and make any necessary adjustments to the selling prices based on market conditions, customer reactions and the selling prices of competing properties in the vicinity.

Payment Arrangements

Purchasers of our properties, including those purchasing pre-sold properties, may pay the purchase price using mortgage loans from banks. The payment terms of regularly sold and pre-sold properties are substantially identical. We typically require our purchasers to pay a nominal amount of non-refundable deposit upon entering into the subscription agreements. If the purchasers subsequently decide not to enter into the sales contracts, they forfeit such deposits. Upon entering into the sales contracts, the purchasers are typically required to pay not less than 30% to 50% of the total purchase price of the property, and the mortgagee banks will pay the remaining balance after the

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purchasers have completed the mortgage application procedures. If the purchasers choose to fund their purchases with mortgage loans provided by banks, it is their responsibility to apply for and obtain the mortgage approvals, although we will assist them from time to time. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material cancellation, breach of sales contracts, payment default, significant discounts or sales of properties below costs.

Some of our customers purchase our properties with 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. As of December 31, 2010, 2011 and 2012, our outstanding guarantee deposits on mortgage loans of the purchasers of our properties amounted to RMB9.7 million, RMB7.5 million and RMB15.9 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. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans for our customers and may become liable to mortgagee banks if our customers default on their mortgage loans”.

Delivery and After-sales Services

We endeavor to deliver our properties to our customers on a timely basis. The time frame for delivery is set out in the sales contracts entered into with our customers. To ensure timely delivery, we closely monitor the construction of our projects and conduct pre-delivery inspections. Once a project has passed the completion acceptance inspections and obtained the relevant completion acceptance certificate and other government certificates necessary for delivery, our customer service staff notifies our customers in respect of delivery. Generally, if we fail to deliver the properties to our customers within 60 days of the date of delivery stipulated in the sales contracts, we will be liable to pay a monetary penalty of 0.01% of the proceeds from the pre-sale per day. 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). 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.

Our sales and marketing departments and our construction department, together with the property management company for the project, will check the quality of the properties prior to delivery. Our customer service department is responsible for managing after-sales services. If there is any defect in the property within the warranty period, we are responsible for resolving the issue ourselves or coordinating with relevant construction contractors to rectify the defect. We also offer communication channels, including a telephone hotline and a customer service center at our main office, to our customers for them to provide their feedback and complaints about our products and services.

Property Operation and Management

Most of the purchasers of our properties have entered into exclusive operation and management agreements with us, under which we receive commercial management service income from the purchasers for managing and controlling the leasing of the retail shops, organizing events and providing ancillary services to them. We also receive property management service income for providing general property management services to tenants and occupiers. We believe these agreements allow us to receive income on an ongoing basis, while focusing on the long-term value of these projects.

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Under the typical 10- to 20-year exclusive operation and management agreement, we are entitled to income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years and then 8% to 10% of the rental value for the remaining years. Pursuant to such agreements, we manage and control the leasing for our projects to achieve optimal occupier mix and rental yield.

As of the Latest Practicable Date, there were, in aggregate, properties with GFA of approximately 640,000 sq.m. under our operation and management. In 2010, 2011 and 2012, our commercial management services income amounted to RMB39.7 million, RMB71.5 million and RMB68.3 million, respectively. As of the Latest Practicable Date, we had not experienced any incident where a property purchaser terminated its exclusive operation and management agreement with us.

We periodically organize various special events in our multi-functional commercial complexes and hold exhibitions in our specialized wholesale markets from time to time to promote our properties and provide a display platform for our customers. For example, we held a “Popular Old Songs Coming to Huishan Wuxi” in Wuxi Wuzhou International Ornamental City in 2006 and a “Top Chef Competition” in Wuxi Wuzhou International Chinese Food Culture Exposition City in 2011. We regularly monitor the performance of the tenants and occupiers of our multi-functional commercial complexes and specialized wholesale markets. We inspect sites to monitor their day-to-day operations. We also provide cashier services in our multi-functional commercial complexes and specialized wholesale markets to provide administrative support to tenants, occupiers and their customers, which enables us to monitor their business and financial performance and which will help us to assess whether we will renew leases to particular existing tenants or occupiers.

After we deliver the property to our customers, we generally engage our wholly owned subsidiary Wuzhou Business Operation or its subsidiaries, or Wuzhou Business Operation, to provide them exclusive property operation services. Our property operation companies provide operation services to purchasers of our properties who enter into exclusive operation and management agreements with us, including organizing marketing and promotional activities. Our internal commercial operation department is responsible for formulating the standards of project management, operations, marketing and leasing, and examining and reviewing the quality of services provided by Wuxi Wuzhou Operation and independent third parties on a regular basis.

In addition to property management service provided by us, we also engage independent third-party service providers to provide property management services, such as security, property maintenance, cleaning and other ancillary services, for our projects. Such property management services are paid by tenants and occupiers of the project. Our arrangements with the service providers will automatically terminate if the property owner committee of project selects other service providers.

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The following table sets forth the GFA of properties managed under the exclusive operation and management agreements and its percentage to the total GFA sold per project phase as of the dates indicated:

Project name	As of December 31,				As of February 28,			
	2010		2011		2012		2013	
	GFA of properties managed under exclusive operation and management agreements (sq.m.)	Total GFA sold (sq.m.)	% of total GFA sold	GFA of properties managed under exclusive operation and management agreements (sq.m.)	Total GFA sold (sq.m.)	% of total GFA sold	GFA of properties managed under exclusive operation and management agreements (sq.m.)	Total GFA sold (sq.m.)
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)								
Phase I	94,050.2	97,427.8	96.5%	94,050.2	97,427.8	96.5%	94,050.2	97,427.8
Phase II	74,274.6	74,274.6	100.0%	74,411.3	74,411.3	100.0%	74,411.3	74,772.9
Phase III	26,328.0	27,601.8	95.4%	32,501.7	33,584.1	96.8%	32,501.7	33,584.1
Phase IV	—	—	—	—	663.3	100.0%	663.3	663.3
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)								
Phase I	81,469.5	81,469.5	100.0%	89,435.5	89,435.5	100.0%	91,205.2	91,280.8
Phase II	67,455.6	67,455.6	100.0%	79,521.4	79,521.4	99.8%	79,864.1	80,841.8
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)								
Phase I	26,108.9	26,421.2	98.8%	26,150.1	26,482.4	98.8%	26,202.4	26,488.9
Phase II	—	3,853.4	—	—	5,541.7	—	5,557.0	5,557.0
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)								
Phase I	10,610.4	10,654.0	99.6%	11,033.1	11,121.7	99.2%	11,033.1	11,121.7
Phase II	5,092.7	5,092.7	100.0%	5,958.4	5,958.4	100.0%	5,958.4	5,958.4
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	—	—	—	11,030.5	11,389.5	96.8%	13,005.0	13,005.0
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	—	—	—	8,983.8	8,983.8	100.0%	9,083.2	9,083.2
Dali Wuzhou International Trade City (大理五洲國際商貿城)	—	—	—	46,051.3	54,313.2	84.8%	61,314.7	61,314.7
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)								
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	—	—	34,587.2	34,587.2	100.0%	65,778.9	65,778.9
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)	—	—	—	—	—	—	13,108.0	13,108.0
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	—	—	—	—	—	—	31,777.0	31,777.0
Huainan Wuzhou International Plaza (淮安五洲國際廣場)	—	—	—	4,293.6	4,293.6	100.0%	13,961.3	13,961.3
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城 (福山))	—	—	—	4,521.2	4,521.2	100.0%	12,084.7	12,084.7
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	—	—	—	—	—	—	28,449.9	28,449.9
Total	385,389.9	394,250.6	97.8%	522,529.2	541,254.2	96.5%	640,896.2	647,148.0
								99.0%
								650,933.3

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Project Financing

We have financed our project developments primarily by loans from bank loans, loans from trust institutions and proceeds from property sales. During the Track Record Period and up to March 31, 2013, we entered into six loans with trust institutions, under which the equity interests in, or land use rights held by the borrowing companies are pledged to the trust institution as security for loans. The key terms of such loan agreements are generally similar to bank loans, although interest rates on these loans are typically two to 12 percentage points higher than rates on bank loans.

We intend to finance our projects under development and held for future planning with bank loans and other borrowings, internally generated funds and a portion of the [●]. As of December 31, 2012, most of our bank loans were secured primarily by our investment properties and projects under development. As of December 31, 2012, the carrying value of the assets pledged to secure bank loans was RMB4.1 billion. Please refer to the section headed “Financial Information — Indebtedness, Net Current Assets and Contingent Liabilities” for more details.

We also hold a 10% equity interest in Jiujiang Meijite Credit, a company engaged in providing loans in Lushan District of Jiujiang City. Please refer to section headed “Financial Information — Indebtedness, Net Current Assets and Contingent Liabilities — Available-For-Sale Investment” for more details.

CUSTOMERS AND SUPPLIERS

Customers

In 2010, 2011 and 2012, our five largest customers collectively contributed less than 30% of our revenue during the respective periods, respectively. None of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share 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 contractors are responsible for procuring construction materials used in the construction of our projects, and we do not directly procure the materials for our projects. In 2010, 2011 and 2012, our five largest contractors in aggregate accounted for 49.5%, 23.6% and 26.7%, respectively, of our total purchases. 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

We usually hold a portion of the units in our projects as our investment properties for generating rental incomes. Our property investment objective is to achieve recurring rental income and long-term capital appreciation through increases in the value of our properties. We expect to realize our investment objective through developing, selling, managing and operating property projects in China. To achieve this objective, we carefully select our tenants or occupiers by reviewing their qualifications from a target pool. In addition, pursuant to agreements with owners of the units in our developments, we manage and control the leasing for our projects to promote operational consistency.

Our units in our specialized wholesale markets are primarily held for sale. The anchor stores in our multi-functional commercial complexes are primarily for investment purposes. We may gradually increase the proportion of the GFA we develop as investment properties, taking into account our cash flow situation and market conditions. Our completed investment properties as of the Latest Practicable Date were located at Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou

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International Chinese Food Culture Exposition City and Meicun Wuzhou International Plaza. As of February 28, 2013, we held an aggregate GFA of approximately 139,800.0 sq.m. as investment properties, representing 11.9% of our total GFA of completed projects. As we plan to increase our portfolio of investment properties, we expect revenue and profit contributions from investment properties to increase in the future.

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The following table sets forth certain information of our investment properties by project phases during the Track Record Period:

Project Phase	Rents			GFA held for lease			Average monthly rent income ⁽¹⁾		
	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012	As of December 31, 2010	As of December 31, 2011	As of December 31, 2012	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012
	(RMB in thousands)			(sq.m.)			(RMB per sq.m.)		
Wuxi Wuzhou International Ornamental City (Phase I)	7,061.0	7,078.0	6,949.0	14,668.9 ⁽²⁾	14,668.9 ⁽²⁾	15,155.0 ⁽²⁾	19.49 ⁽²⁾	21.86 ⁽²⁾	23.17 ⁽²⁾
Wuxi Wuzhou International Ornamental City (Phase II)	3,502.0	4,874.0	5,500.0	20,335.2	20,335.2	20,933.0	14.35	19.97	21.90
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	326.0	—	—	1,323.0	—	—	20.5
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	1,605.0	3,425.0	1,524.0	9,627.5 ⁽²⁾	9,627.5 ⁽²⁾	9,627.5 ⁽²⁾	2.73 ⁽²⁾	2.73 ⁽²⁾	3.64 ⁽²⁾
Wuxi Wuzhou International Columbus Plaza (Phase I)	—	8,900.0	8,896.0	—	28,181.7	28,181.7	—	26.32	26.31
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	1,537.0	—	—	8,757.0	—	—	21.9
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	1,439.0	—	—	9,512.0	—	—	12.6
Meicun Wuzhou International Plaza	—	—	4,578.0	—	—	9,874.0	—	—	77.3
Total	12,168.0	24,277.0	30,749.0	44,631.6	72,813.4	103,363.2			

Note:

(1) Calculated based on the number of months during which the underlying property was leased in the given period.

(2) Not including GFAs for temporary storage facilities.

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The following table sets forth a breakdown of leased GFA by expiry of lease term of our investment properties by project phase as of February 28, 2013:

<u>Project phase</u>	<u>2013</u>	<u>2014</u> (sq.m.)	<u>2015 and thereafter</u>
Wuxi Wuzhou International Ornamental City (Phase I)	12,420	952	—
Wuxi Wuzhou International Ornamental City (Phase II)	15,534	—	4,452
Wuxi Wuzhou International Ornamental City (Phase III)	—	1,101	—
Wuxi Wuzhou International Industrial Exhibition City	5,809	2,461	12,267
Wuxi Wuzhou International Columbus Plaza	554	1,536	37,005
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	9,515
Meicun Wuzhou International Plaza	—	—	20,740
Total	<u>34,317</u>	<u>6,050</u>	<u>83,979</u>

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 of the Latest Practicable Date, we had obtained all of the relevant building ownership certificates with respect to our investment properties in Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Chinese Food Culture Exposition City and Meicun Wuzhou International Plaza.

Tenants/Occupiers and Leases

We focus on maintaining long-term relationships with our anchor tenants and maintaining a good balance in tenant and occupier composition. We seek tenants and occupiers whom we believe will help us to promote the image of our investment properties. We take into account the following factors, among others, when selecting potential tenants and occupiers:

- reputation and general brand recognition within its sector;
- goods and services offered by such tenant or occupier;
- track record and past relationship with us; and
- potential level of lease payments.

Most of our multi-functional commercial complex leases have terms of three to eight years with fixed annual rents, rents based on the sales of the tenants or annual rents with fixed-percentage increases. Most of our specialized wholesale market leases have terms of one to three years with fixed rents. We typically require security deposits of six months’ rent. For selected anchor tenants taking comparatively large areas in more than one of our multi-functional commercial complexes, or whose presence is expected to attract other tenants and occupiers, we may enter into long-term leases with them and offer them fixed rents. In addition, we may also offer our selected anchor tenants rent-free periods ranging from two to six months.

Rents are typically determined based on prevailing market rates, and rents payable by our retail tenants or occupiers include a turnover component. Under these leases, we charge the higher of the base rent and the turnover-based rent calculated in accordance with the sales of a particular tenant or occupier for that particular year. We typically offer such floating rent arrangement to tenants with well-established brands and/or reliable internal accounting systems. We charge fixed rents for other tenants. As of February 28, 2013, 71.45% of the GFA of our properties held for lease were under the

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leases with fixed rents. We also charge a service fee to assist our tenants and occupiers to conduct marketing and promotional activities. Tenants and occupiers are also required to pay their own utility charges. In 2010, 2011 and 2012, the rent income received from our investment properties amounted to RMB12.2 million, RMB24.3 million and RMB30.7 million, respectively.

Under the lease agreements we enter into with our tenants and occupiers, if our tenants or occupiers terminate the leases without cause before the expiry of the lease terms, we are entitled to retain their security deposits, and they are liable to pay us default penalties. Such default penalties are typically equivalent to six months’ rent, but may vary depending on the term of the lease. In addition to default penalties, we may rely on other contractual remedies available to us to recover all losses we suffered exceeding the default penalty under the lease agreements as a result of the early termination by the tenants or occupiers.

Our top-five tenants consisted of both international and domestic brands. These top-five tenants accounted for 11.2%, 31.7% and 33.5% of the total rental income received from our investment properties in 2010, 2011 and 2012, respectively. All of our top-five tenants during the Track Record Period were independent third parties unrelated to us or our Controlling Shareholders.

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The following table sets forth the top-five tenants of our investment properties, including commercial complexes and specialized wholesale markets, in terms of GFA under lease agreements as of December 31, 2012.

Ranking	Name	Industry	Lease term	Type of rent	Rent-free period	Termination by the lessee
1	RT-Mart	Supermarket	May 2013 — April 2033	a fixed percentage of sales revenue	60 days	The lessee may terminate the lease if the lessee's operation suspends for 60 days due to our cause or the design or the construction of the property fails to meet the lessee's requirement.
2	Carrefour	Supermarket	September 2009 — September 2029	a fixed percentage of sales revenue	none	Either party may terminate this lease if (i) the other party fails to perform its duty for over three months due to force majeure; (ii) the other party is bankrupted or liquidated or its business license is revoked; (iii) the leased property is ordered by the government to be demolished; and (iv) any law, regulation or government order renders the performance of this lease commercially impractical.
3	CR Sugo	Supermarket	January 2013 — December 2032	fixed rent rate with an annual increment of 4% since fourth year	none	The lessee may terminate the lease if we fail to deliver the property to the lessee within 60 days after the designated date or to deliver the required documents to the lessee within 60 days after the delivery of property.
4	Kingbaby	Retail	January 2013 — December 2022	fixed rent rate with an annual increment since fifth year	six months in each of first two years	The lessee may terminate this lease upon written notice to us if (i) the lessee is unable to exclusively occupy and use the leased property due to our cause which is not cured within 30 days after the lessee's notice; or (ii) the lessee is unable to use the leased property due to building quality problems which is not cured within 45 days after the lessee's notice.
5	Osgo Cinema	Cinema	October 2012 — September 2027	the higher of guaranteed minimum rent and certain percentage of annual box office	six months	The lessee may terminate the lease if its operation suspends for 15 days due to our cause.

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As of the Latest Practicable Date, none of our major tenants/occupiers 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 respect. 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 major tenants/occupiers.

Strategic Cooperation

We focus on maintaining and enhancing the positioning of our projects by establishing long-term strategic cooperation with domestic and international brands across a wide spectrum of sectors. As of the Latest Practicable Date, we had entered into lease agreements with more than 6,000 customers. Many of these brands, including Yaohan Supermarket, Wanda Cinemas, FlyHigh SuperPlayer and Kidswant, have become our anchor tenants in our specialized wholesale markets and multi-functional commercial complexes.

We entered into a strategic cooperation agreement with Wanda Cinemas in October 2011. This strategic cooperation agreement has a term of five years and provides for the basic framework of cooperation between the parties. In particular, this strategic cooperation agreement allows us to use Wanda Cinemas’ brand and logo in our marketing activities and in return we allow Wanda Cinemas to enjoy a rent-free period ranging from three to six months under future lease agreements. The agreement may be amended or terminated with mutual consent if there are any changes to PRC laws or regulations that would render the agreement invalid. Global Law Office, our PRC legal adviser, is of the opinion that such strategic cooperation agreement is legally binding under PRC laws. We intend to enter into similar strategic cooperation agreements with some of our other anchor tenants to allow us to use the brands and logos of our anchor tenants for marketing purposes. We believe the inclusion of those well-known and highly visible brands as anchor tenants in our developments will assist us to further build up our brand image and enhance the attractiveness of our projects.

VALUATION METHODS

Savills, an independent property valuer, prepared a valuation report of our properties as of February 28, 2013, which is included as Appendix III to this document. All of our properties are valued by Savills on a market value basis:

- Our properties held for sale are valued using the direct comparison approach with reference to comparable transactions in the relevant markets, assuming the properties are vacant and in their existing conditions at the time of sale;
- Our properties under development and planned for future development are valued (i) on the basis that they will be developed and completed in accordance with the latest development proposals, or (ii) using the direct comparison approach, assuming the properties are vacant at the time of sale. For properties valued based on development proposals, Savills assumed that all consents, approvals and licenses from relevant government authorities required for the development proposals had been obtained without onerous conditions or delays. Savills adopted the direct comparison approach with reference to comparable transactions in the relevant markets and took into account the construction costs incurred and costs expected to be incurred to complete the developments and achieve the quality of completed developments;
- Investment properties are valued with reference to comparable transactions and, where appropriate, on the basis of the capitalization of the expected net income estimated by us, with allowance for reversionary income potential of the properties. This valuation method is adopted according to the existing market parameters such as existing rental rates, current market rental rates and market yields. No projections on rental rates and occupancy rates were used;

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- Savills did not assign any value to properties that we intend to purchase, mainly due to the lack of legal titles to the properties; and
- Savills did not assign any value to properties leased by us, due to the short-term nature of the leases, prohibitions against assignment or sub-letting or the lack of substantial profit-making rental rates.

COMPETITION

We compete with other real estate developers and operators of large-scale multi-functional commercial complexes and/or specialized wholesale markets in a number of areas including product quality, service quality, price, financial resources, brand recognition, land reserves, transportation, government tax and other incentives. We face significant competition from other developers and operators of specialized wholesale markets and multi-functional commercial complexes in China, including Dalian Wanda Commercial Properties Co., Ltd., Golden Eagle Group Limited, China South City Holdings Limited and Zhejiang China Commodities City Group Co., Ltd. These competitors may have better track records, greater financial, managerial and other resources, larger sales networks and higher brand recognition than we do.

For specialized wholesale markets, we face significant competition from developers that develop and operate industrial materials wholesale markets in China, primarily in the Yangtze River Delta Area, the Greater Pearl River Delta region and the Bohai Rim region. In addition, there may be an increase in the number of industrial materials wholesale markets in the Yangtze River Delta Area and elsewhere in China in the future.

For multi-functional commercial complexes, we face significant competition from integrated corporate real estate developers in China. Such competitors may develop multi-functional commercial complexes that offer more amenities, convenience and attractions than Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Chinese Food Culture Exposition City or Meicun Wuzhou International Plaza. As the overall economy grows further in China, the need for multi-functional commercial complexes in various cities in China is expected to increase, and the competition for multi-functional commercial complexes is also expected to increase.

We believe that we have established a leading position in Wuxi, Jiangsu Province and gained comparative advantages over our competitors in Jiangsu Province where we successfully developed our earlier property projects, received high recognition and have in-depth market knowledge. However, in the regions where we have no prior property development experience, we compete on the basis of our brand name and strategic cooperation with our anchor tenants. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We face significant competition from other commercial property developers in China”.

INTELLECTUAL PROPERTY RIGHTS

We have registered a number of trademarks, including “WZ”, “WZIOC”, “WZIOC-WZ”, “WOZ”, “WZI-五洲” and “五洲” with the PRC Trademark Office under a number of categories including property development, construction, property lease, real estate agency and hotels. As of the Latest Practicable Date, we had (i) registered 43 trademarks in the PRC and (ii) applied for the registration of 12 trademarks in the PRC. We have also registered seven domain names, including our company’s website. We do not believe that we have suffered any infringement of our intellectual property rights by any third parties or violated 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 “Statutory and General Information” in Appendix VII to this document.

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INSURANCE

We carry public liability insurance for property damages. We currently have all-risk insurance with respect to our investment properties and completed properties held for sale in Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Columbus Plaza and Yangjian Wuzhou International Plaza covering all losses or damages we may suffer, other than certain types of losses and damages that are currently uninsurable in China, such as losses arising from earthquake, war, civil disorder and certain other events of force majeure. In respect of our projects under development over which our lending banks have security interests, we 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, owners and construction contractors of properties under construction bear civil liabilities for personal injuries arising out of the construction work unless the owners or construction contractors are able to prove that they were not at fault. Since 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. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We have limited insurance to cover our potential losses and claims”.

ENVIRONMENTAL AND SAFETY 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 beginning construction. We are also required to undertake an environmental assessment for each project we develop. Such measures must be incorporated into the course of construction. Upon completion of the project, we are required to apply for an inspection and acceptance for environmental protection of the completed projects. 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. We engage construction contractors with good environmental protection and safety track records. When entering into construction contracts with them, we require that they strictly comply with all current PRC environmental protection and safety laws and regulations, including laws and regulations regarding construction materials, construction methods and pollution. In addition, we closely monitor the project at every stage to ensure the construction process is in compliance with relevant 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.

All of our completed projects and projects under development have received the material 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

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environmental and safety standards. During the Track Record Period, we were in compliance, in all material respects, with PRC environmental and safety laws and regulations and did not experience any material environmental pollution incident, and no penalties were 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 did not have any non-compliance during the Track Record Period. Please also refer to the section headed “Risk Factors — Risks Relating to Our Business — We may be subject to liability for environmental problems, which could result in losses”.

In relation to workplace safety around construction sites, 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 accident.

EMPLOYMENT

As of the Latest Practicable Date, we had a total of approximately 2,464 employees. The following table sets forth the number of our employees for each of our areas of operations and as a percentage of our total employees as of the Latest Practicable Date:

Department	Number of employees	Percentage of total employees
Project planning and design	143	5.8%
Sales and marketing	355	14.4%
Property management	1,176	47.7%
Administration*	790	32.1%
Total	2,464	100%

Note:

* of the administrative staff, 26.5% are human resources personnel, 28.1% are construction supervision and cost management personnel, 17.2% are finance personnel and the remaining 28.2% are general management personnel.

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 PRC law 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 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 may 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 China Marketing Academy, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), the regulations implementing the Social Insurance Law (《中國人民共和國社會保險法》) and Certain Provisions concerning the implementation of the Social Insurance Law (《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》), Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees (《國務院關於管理建立統一的企業職工基本養老保險制度的決定》), the Provisional Insurance Measures for Maternity of Enterprise Employees (《企業職工生育保險試行辦法》), Regulations on the Management of Housing Provident Fund (《住房公基金管理條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Regulations on Industrial Injury Insurance (《工傷保險條例》), we are required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment

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insurance, personal injury insurance and deposit housing provident fund for our employees and pay the relevant insurance premiums according to law. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance and housing provident fund. As of December 31, 2010, 2011 and 2012, we contributed RMB7.1 million, RMB15.7 million and RMB20.6 million for employee benefits, respectively.

COMPLIANCE WITH RELEVANT PRC REGULATIONS AND REQUIREMENTS

During the Track Record Period, save as disclosed in this document, we were in compliance, in all material respects, with PRC legal regulations and requirements applicable to us. In addition, as of the Latest Practicable Date, we had passed the annual review process from the State Administration of Industry and Commerce, and no material penalty for non-compliance with any laws or regulations had been imposed on us.

During the Track Record Period, save as disclosed in this document, we have obtained all material permits, licences, registrations and certifications from appropriate regulatory authorities for its business operation in the PRC. During the Track Record Period, save as disclosed in this document, we were able to renew all of our qualification certificates on a timely basis. As of the Latest Practicable Date, we had established internal procedures to comply with the requirements of the requisite approvals, permits, licenses and certificates by requiring all our operating departments and project companies to strictly adhere to the relevant conditions imposed by government authorities. As of the Latest Practicable Date, we had registered with the relevant PRC authorities our lease agreements with our anchor tenants.

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The following table sets forth our non-compliance incidents and the measures we have adopted to prevent recurrence of non-compliance incidents in the future:

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
Xuyi Wuzhou, Wuxi Wuzhou Ornament City, Jianghu Wuzhou and Wuxi Longxiang performed real estate development activities while their real estate development certificates had expired and were under renewal.	We applied for the renewal of the certificates approximately one month before the expiry dates. However, due to an unexpected procedural change initiated at the government side without notification in advance, the renewal process took longer than expected.	<ul style="list-style-type: none"> The relevant government authorities may require us to rectify such non-compliance within a prescribed period and impose a fine of between RMB50,000 and RMB100,000 for each non-compliance incident. Our PRC legal adviser, Global Law Office, has advised us it is unlikely that any of the four subsidiaries will be subject to fines or other penalties for such non-compliance. 	<ul style="list-style-type: none"> The renewal applications have been approved and all of the four subsidiaries have obtained the real estate development certificates. On December 21, 2012, Xuyi Wuzhou obtained a written confirmation issued by the Housing and Urban-Rural Development Bureau of Xuyi, confirming that Xuyi Wuzhou is permitted to continue to be engaged in real estate development business during the process of renewing its real estate development certificate. Our PRC legal adviser, Global Law Office, is of the opinion that this PRC government entity has the requisite authority to provide such confirmation under relevant PRC laws and such confirmation will unlikely be challenged by higher authorities. In addition, on December 20, 2012, Wuxi Wuzhou Ornament City, Jianghu Wuzhou and Wuxi Longxiang also applied for similar confirmations with the Wuxi Development Bureau, the Housing and Urban-Rural Development Bureau of Jianghu and the Wuxi Development Bureau, respectively, and received oral confirmations that they may continue to be engaged in real estate development business during the process of renewal or upgrade. Those authorities are unable to provide written confirmations due to a lack of internal approval procedures for issuing written confirmations. Our PRC legal adviser, Global Law Office, is of the opinion that such PRC government entities are the competent authorities to provide such confirmations under relevant PRC laws, and such oral confirmations are a reliable basis upon which to assess the potential liabilities of the Company taking into consideration that (i) renewal applications have been approved and Wuxi Wuzhou Ornament City, Jianghu Wuzhou and Wuxi Longxiang have obtained the real estate development certificates; and (ii) Wuxi Wuzhou Ornament City, Jianghu Wuzhou and Wuxi Longxiang have not been challenged by any authority as to their continuous operations during the process of renewing their real estate development certificates. In response to such non-compliances, we have adopted the following preventive measures: (i) specifically designating the responsibilities to our administrative information center to supervise project companies and ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of development of its projects as well as to remind and ensure those regulatory documents are renewed before their expiry; (ii) adopting an internal control policy that prohibits our project companies from developing projects without obtaining all required certificates, permits and other regulatory approvals; and (iii) keeping communication with relevant regulatory authorities to understand recent updates on the requirements of application or renewal of relevant certificates, permits and approvals. 	Our Directors are of the view that it is unlikely that we will be subject to any fines by the relevant government authority for conducting real estate development activities while we were renewing our certificates. Accordingly, we believe there will not be any material negative impact on our operations or financial condition.

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Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
Dali Wuzhou Property Management provided property management services for Dali Wuzhou International Trade City that exceeded the GFA limit indicated in its property management certificate.	Dali Wuzhou Property Management proactively communicated with the relevant local government authority in advance and completed the registration with the relevant local government authority of its property management services to be provided for Dali Wuzhou International Trade City, even though the actual GFA of this project exceeded the approved GFA indicated in its property management certificate. Due to a lack of legal knowledge and experience, the manager of Dali Wuzhou Property	<ul style="list-style-type: none"> The relevant government authority may require us to rectify such non-compliance within a prescribed period and impose a fine of between RMB10,000 and RMB30,000. Our PRC legal adviser, Global Law Office, has advised us that it is unlikely that Dali Wuzhou Property Management will be subject to fines or other penalties for such non-compliance. 	<ul style="list-style-type: none"> We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. We are proactively communicating with the Housing and Urban-Rural Development Bureau of Dali regarding the progress of our rectification efforts and have obtained a written confirmation dated December 19, 2012 confirming that we will not be liable for such non-compliance before the relevant property management certificate for qualification upgrade is obtained. Our PRC legal adviser, Global Law Office, is of the opinion that the Housing and Urban-Rural Development Bureau of Dali has the requisite authority to provide such confirmation under relevant PRC laws and such confirmation will unlikely to be challenged by higher authorities. Dali Wuzhou Property Management is in the process of transferring its property management services for Dali Wuzhou International Trade City to a third-party property management service provider which is expected to be completed by the end of June 2013. Our administrative information center registers and monitors the status of the permits, qualifications, licenses and approvals for all of our projects and supervising our project companies to ensure necessary permits, qualifications, licenses and approvals under the applicable PRC laws for our operations are obtained and in effect. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	Our Directors are of the view that it is unlikely that we will be ordered to suspend our property management services or be subject to any fines by the relevant government authority. Accordingly, we believe there will not be any material negative impact on our operations or financial condition.

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Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
	Management misunderstood that the registration would constitute a sufficient approval for providing property management services, and Dali Wuzhou Property Management thus inadvertently provided property management services accordingly.			
Xiangyang Wuzhou International Exhibition City was under development without the required fire safety permit.	Due to the failure of the project manager of this project to fully adhere to our internal policies, we did not apply for the fire safety permit before the commencement of the development.	<ul style="list-style-type: none"> The relevant government authority may order us to cease construction and impose a fine of between RMB30,000 and RMB300,000. Our PRC legal adviser, Global Law Office, has advised us that it is unlikely that we will be subject to fines or other penalties for such non-compliance. 	<ul style="list-style-type: none"> The required fire safety permit has been obtained. We also have obtained a written confirmation dated January 29, 2013 from Xiangyang Fire Department confirming that we will not be liable for such non-compliance during the period before we obtain the fire safety permit. Our PRC legal adviser, Global Law Office, is of the opinion that such authority is the competent authority in confirming these matters. Since this incident, we have adopted the following preventive measures: (i) specifically designating the responsibilities to our administrative information center to supervise project companies and ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of development of its projects; and (ii) adopting an internal control policy that prohibits our project companies from developing projects without obtaining all required certificates, permits and other regulatory approvals. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	Our Directors are of the view that it is unlikely that we will be ordered to suspend our real estate development activities or be subject to any fines by the relevant government authorities. Accordingly, we believe there will not be any material negative impact on our operations or financial condition.

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
On November 15, 2011, there was a land-collapsing accident at the construction site of our Hangzhou Wuzhou International Plaza which did not cause any casualty. On March 13, 2012, an object fell from the construction site of our Hangzhou Wuzhou International Plaza and caused two casualties.	Due to the deficiencies in the manager of Hangzhou Longan in determining the scope of permissible sub-contracting in this case, the project was improperly subcontracted to the sub-contractor when the land-collapsing accidents occurred.	<ul style="list-style-type: none"> Global Law Office, our PRC legal adviser, is of the view that we are not directly liable for any damages caused by the accident occurred in November 2011. For the accident that occurred in March 2012, while we were not directly liable for the casualties in the accident, we were imposed a fine of RMB293,688, or 0.5% of the total contract value, by the Housing and Urban-Rural Development Bureau of Xihu District of Hangzhou for breaching the relevant laws and regulations under the Construction Law and Regulations on Construction Quality Management which prohibits the assignment of different parts of construction to different contractors. The fine has been fully paid. 	<ul style="list-style-type: none"> In May 2012, we established the supervision and audit center to be in charge of implementing and monitoring internal control measures in relation to construction contractor bidding, entering into construction contracts and making payments. The supervision and audit center conducts special audits of project companies periodically. In January 2013, the supervision and audit center conducted a special audit of Hangzhou Longan, and concluded that the prior non-compliance was rectified and the internal control measures had been implemented effectively. Although it is our contractors' responsibility to ensure that construction procedures are in compliance with relevant laws and regulations, we conduct frequent site inspections through our trained and qualified engineers to monitor construction progress and provide on-site supervision over major construction procedures. We will instruct contractors to rectify issues identified during our site inspections and conduct follow-up inspection to ensure such issues have been rectified within a designated period. The non-compliance records of contractors are also taken into consideration in our future selection of contractors to ensure that we engage qualified contractors with a good track record. We also engage independent certified construction supervision companies to conduct quality and safety control checks on all building materials and workmanship on site and monitor the progress of construction, work site safety and construction completion schedules. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	Our Directors are of the view such non-compliance incidents have not resulted in any material negative impact on our operations or financial condition.

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
		<ul style="list-style-type: none"> We obtained a written confirmation dated February 7, 2013 from the Housing and Urban-Rural Development Bureau of Xihu District of Hangzhou stating that it has completed its investigation into the two accidents and no further penalty will be imposed on us. The contractor is responsible for the civil liabilities in relation to two casualties which, to our knowledge, were settled on March 14, 2012 and March 16, 2012, and there have been no claims against us arising from these two accidents. 		

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
In 2011, Wuxi Wuzhou Ornament City commenced operations of a building located in Wuxi Wuzhou International Ornamental City prior to passing fire safety inspection.	The Wuxi Fire Department conducted a fire safety inspection on that building and Wuxi Wuzhou Ornament City failed to pass such inspection. As a result, Wuxi Wuzhou Ornament City was required to make necessary fire-safety-related improvements to the building. While Wuxi Wuzhou Ornament City immediately started to make fire-safety-related improvements to the building, due to the failure of the project manager of this project to fully adhere to our internal policies, Wuxi Wuzhou Ornament City commenced operations of the building before conducting a follow-up inspection.	We were imposed a fine of RMB30,000 by Wuxi Fire Department, which has been fully paid.	<ul style="list-style-type: none"> Wuxi Wuzhou Ornament City immediately made fire safety-related improvements to the building and passed the follow-up inspection. We have adopted the following measures to enhance our internal controls: (i) we have specifically designated the responsibilities to our administrative information center to ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of operations of our projects as well as to remind and, ensure that those regulatory documents are renewed before their expiry; and (ii) we have adopted an internal control policy that prohibits our project companies from operating projects without obtaining all required certificates, permits and other regulatory approvals. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. In July 2012, the supervision and audit center conducted a special audit of Wuxi Wuzhou Ornament City, and concluded that the prior non-compliance was rectified and the internal control measures had been implemented effectively. 	Our Directors are of the view such non-compliance incident has not resulted in any material negative impact on our operations or financial condition.

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
In 2009, Wuxi Wuzhou Ornament City advertised for one of its tenants on various newspapers. The contents of some of such advertisements were determined by the Wuxi Industry and Commerce Bureau to be misleading.	The manager of Wuxi Wuzhou Ornament City was inexperienced and did not carefully examine the contents of such advertisements, which were provided by that tenant.	The Wuxi Industry and Commerce Bureau determined that the contents of some of such advertisements Wuxi Wuzhou Ornament City made for one of its tenants were misleading according to the Product Advertising Law and imposed a fine of RMB28,000 on Wuxi Wuzhou Ornament City, which has been fully paid.	<ul style="list-style-type: none"> We have adopted the following measures to enhance our internal controls: (i) we conducted a face-to-face consultation session with the relevant government authority to better understand applicable regulations; (ii) we have conducted internal training to our employees so that our employees are familiar with relevant laws and regulations related to advertisements; (iii) our designated staff members are responsible for reviewing contracts to ensure that they would not result in any breach of PRC laws; and (iv) we require our advertising agents to provide a copy of their business licenses and relevant qualification certificates, which are to be reviewed by our legal department before we enter into agreements with them. There has been no repeat of such incidents relating to advertising. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	Our Directors are of the view that such non-compliance incident has not resulted in any material negative impact on our operations or financial condition.
As of the Latest Practicable Date, we leased 6 properties which were not registered with the relevant government authority.	The non-compliance was primarily due to the lack of legal knowledge of our regional staff in lease matters.	Our PRC legal adviser, Global Law Office, has advised us that under relevant PRC laws and regulations, an executed lease must be registered and filed with the relevant government authority. However, a lack of registration will not affect the validity and enforceability of the lease agreements. Under PRC laws, a fine ranging from RMB1,000 to RMB10,000 may be imposed on the parties to a lease for failing to register the lease.	<ul style="list-style-type: none"> We are in the process of registration of these leases with relevant government authority. We have adopted the following measures to enhance our internal controls: (i) we require all landlords to register the lease within a period of time after the lease agreements are entered into; (ii) our designated staff members regularly check the registration status of lease agreements and follow up with the landlord if a lease agreement has not been timely registered; and (iii) we provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	Our Directors are of the view that such non-compliance will not have any material impact on our business based on the following reasons: (i) the GFA of each non-compliant property is insignificant and of no operational importance, which can readily be replaced; (ii) the properties are mainly used as our offices, staff dormitories and cafeteria, which are not directly related to our business operations; and (iii) if we were required to terminate such leases and relocate

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Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
In 2007, we offered purchasers of Wuzhou Ornamental City (Phase I) an option to sell back the properties to us at fixed repurchase prices during a one-month period starting from the fifth anniversary of the delivery date of the property. In 2012, all options to sell back the properties to us had lapsed and none of the purchasers had exercised the option.	Due to the lack of experience and legal knowledge of the management, we entered into a number of sales contracts with return clauses in order to attract potential purchasers and enhance their confidence.	<ul style="list-style-type: none"> Global Law Office, our PRC legal adviser, is of the opinion that the sales contracts with return clauses that we entered into before the Track Record Period may be considered as prohibited selling activities, as property developers are not permitted to sell self-developed properties with return clauses under PRC laws. Global Law Office has advised us that the maximum amount of fines that may be imposed on us for such sales contracts with return clauses would not exceed RMB30,000. 	<ul style="list-style-type: none"> We obtained a compliance certificate dated October 31, 2012 from the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City confirming that it would not impose any penalties in relation to such non-compliance. Global Law Office is of the opinion that the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City is the competent authority in confirming our compliance status in this regard. We have adopted a policy prohibiting entering into any arrangements with an option to sell back the properties to us. We provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of their compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	to alternative premises, it will not have any material negative impact on our business operations or financial condition. Our Directors are of the view that such non-compliance will not have any material negative impact on our operations or financial condition based on Global Law Office's advice that the maximum amount of any fines would not exceed RMB30,000 and on the written confirmation from the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City.

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Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
During the Track Record Period, Wuxi Wuzhou Ornament City and Wuxi Zhongnan leased out temporary storage facilities that were built by us without the required construction permits.	The non-compliance was primarily due to the lack of legal knowledge of the manager of the relevant project company.	<ul style="list-style-type: none"> Global Law Office, our PRC legal adviser, has advised us that it is unlikely that any income generated will be confiscated or any penalty will be imposed on us. 	<ul style="list-style-type: none"> Such temporary storage facilities have been removed in November 2010 and June 2012 and none of the leases is in effect any longer. We obtained from the Planning Bureau of Huishan District of Wuxi City and the Planning, Construction and Environmental Protection Bureau of New District of Wuxi City compliance certificates dated February 26, 2013 and February 28, 2013, confirming that they will not impose any penalties on us in relation to such non-compliance. Since this incident, we have adopted the following preventive measures: (i) adopting an internal control policy that prohibits project companies from commencing construction without obtaining all required certificates, permits and other regulatory approvals; and (ii) providing training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	Our Directors are of the view that such non-compliance will not have any material negative impact on our operations or financial condition.
During the Track Record Period, our total income generated from the leases of such temporary storage facilities amounted to RMB18.1 million.				
During the Track Record Period, our advances to independent third party non-financial institutions amounted to RMB93.0 million, RMB5.3 million and RMB1.5 million, respectively, all of which were noninterest-bearing.	The advances to independent third party non-financial institutions were extended by us to satisfy temporary cash requirements of independent third parties, who are business acquaintances of the Controlling Shareholders. Our Directors confirmed that,	Global Law Offices, our PRC legal adviser, is of the opinion that these advances to or from non-financial institutions were invalid. However, we will not be subject to any penalty as all these advances were non-interest-bearing.	<ul style="list-style-type: none"> All advances to independent third parties have been fully repaid. All advances from independent third parties have been fully repaid. All advances from non-controlling shareholders of subsidiaries, which are non-financial institutions, have been repaid from our internal funds. We have adopted a policy prohibiting providing advances to or receiving advances from non-financial institutions directly. Our designated finance staff members will review and approve all advance requests according to this policy to ensure all future advances from non-financial institutions will be in the form of entrusted loan, which is permitted under PRC laws and regulations. We provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, 	Our Directors are of the view that such non-compliances will not have any material negative impact on our operations or financial condition.

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Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
During the Track Record Period, our advances received from independent third party non-financial institutions amounted to RMB1.5 million, RMB48.2 million and RMB19.5 million, respectively, all of which were noninterest-bearing.	other than these advances, we do not have any past or present business relationships with such independent third parties.		our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings.	
During the Track Record Period, our advances from non-controlling shareholders of subsidiaries, which are non-financial institutions, amounted to RMB64.9 million, RMB171.2 million and RMB172.0 million, respectively, all of which were noninterest-bearing.	The advances received from independent third party non-financial institutions were extended by independent third parties, who are business acquaintances of the Controlling Shareholders, to satisfy our temporary cash requirements. Our Directors confirmed that, other than these advances, we do not have any past or present business relationships with such independent third parties.			
	These advances from non-controlling shareholders were extended by the minority shareholders of our subsidiaries in order to fund the development of projects by such subsidiaries.			

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In May 2012, our supervision and audit center was established to be in charge of implementing and monitoring internal control measures in relation to construction contractor bidding, entering into construction contracts and making payments. Please refer to the section headed “Directors, Senior Management and Employees – Senior Management” for the experience and qualification of Mr. Shen Xin, the current head of the supervision and audit center. The supervision and audit center conducts special audits of project companies periodically to monitor the implementation of the internal control measures in relation to construction contractor bidding, entering into construction contracts and making payments. The supervision and audit center also monitors and supervises the implementation of the internal control policies by our various departments. The supervision and audit center will issue written reports to relevant project company or department setting forth the inspection results and detailed instructions to rectify issues identified, if any. The supervision and audit center will also conduct follow-up inspection to ensure such issues have been rectified within a designated period. In addition, based on the seriousness of non-compliance incidents, the supervision and audit center may impose internal penalties, including written warning, fine, decrease in compensation, demotion and termination of employment contract, on employees responsible for such non-compliance incidents. In July 2012 and January 2013, the supervision and audit center conducted special audits of Wuxi Wuzhou Ornament City and Hangzhou Longan, respectively, and concluded that the prior non-compliances were rectified and the internal control measures had been implemented effectively.

Our administrative information center has been responsible for monitoring the status of the permits, qualifications, licenses and approvals for all of our projects and supervising our project companies to ensure necessary permits, qualifications, licenses and approvals under the applicable PRC laws for our operations are obtained and in effect. Our administrative information center will provide a two-month prior notice to the relevant project company to renew a permit, qualification, license or approval before its expiry. Our project companies are required to report to our administrative information center on the status of relevant permits, qualifications, licenses and approvals within three business days after their application, approval or renewal. Based on the reports provided by our project companies, our administrative information center registers and monitors the status of permits, qualifications, licenses and approvals for all of our projects to ensure that the relevant documents could be renewed before their expiry.

QUALIFICATIONS AND LICENSES

The following table sets out a list of major qualifications and licenses currently held by the Group:

<u>Entity</u>	<u>Name of the Certificate</u>	<u>Expiry Date</u>	<u>Status of Renewal</u>
Wuxi Wuzhou Ornament City	the Qualification Certificate for Property Development Enterprise	December 19, 2015	In effect
Hangzhou Longan	the Interim Qualification Certificate for Property Development Enterprise	December 31, 2013	In effect
Wuxi International Property	the Interim Qualification Certificate for Property Development Enterprise	August 3, 2013	In effect
Yancheng Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	March 16, 2014	In effect
Xuyi Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	February 28, 2014	In effect

BUSINESS

<u>Entity</u>	<u>Name of the Certificate</u>	<u>Expiry Date</u>	<u>Status of Renewal</u>
Rongchang Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	May 10, 2014	In effect
Wuxi Property Investment	the Interim Qualification Certificate for Property Development Enterprise	June 1, 2013	In effect
Wuxi Longsheng	the Interim Qualification Certificate for Property Development Enterprise	September 12, 2013	In effect
Dali Wuzhou	the Qualification Certificate for Property Development Enterprise	January 23, 2016	In effect
Dali Wuzhou Property Management	the Qualification of Property Management Enterprises	July 25, 2013	In effect
Wuxi Longan	the Qualification Certificate for Property Development Enterprise	October 29, 2013	In effect
Wuxi Longxiang	the Interim Qualification Certificate for Property Development Enterprise	March 19, 2014	In effect
Wuxi Zhongnan	the Qualification Certificate for Property Development Enterprise	August 15, 2014	In effect
Yantai Wuzhou Property	the Interim Qualification Certificate for Property Development Enterprise	November 30, 2013	In effect
Nantong Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	September 12, 2013	In effect
Jianhu Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	April 1, 2014	In effect
Wuxi Longteng	the Interim Qualification Certificate for Property Development Enterprise	May 22, 2013	Under renewal
Leling Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	September 30, 2013	In effect
Xiangyang Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	June 19, 2013	In effect
Jiangyin Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	December 24, 2013	In effect
Longkou Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	September 30, 2013	In effect
Wuzhou Columbus Sheyang	the Interim Qualification Certificate for Property Development Enterprise	May 22, 2014	In effect

BUSINESS

LEGAL PROCEEDINGS

During the Track Record Period, we were involved in legal or other disputes in the ordinary course of our business, primarily claims relating to contract disputes with purchasers, contractors, tenants and occupiers of our properties. However, we have not incurred legal costs and expenses in connection with such proceedings that are significant in the context of our overall operating results. We are not aware of any other material legal proceedings or claims currently existing or pending against us or any such threatened claims. Our Directors confirm that we have no material claims outstanding with regard to guarantee deposits for mortgage loans provided to purchasers and contract disputes with purchasers, tenants and occupiers of our properties.

In September 2012, an individual filed a complaint in the High Court of Jiangsu Province against Wuxi Wuzhou Ornament City, claiming for a 7.29% equity interest in Wuxi Wuzhou Ornament City, as well as a dividend payment of approximately RMB15.7 million. The plaintiff, along with Shu Cecheng, Shu Cewan and two other individuals were the shareholders of Wuxi Jintai Property Investment Company Limited (無錫金泰置業投資有限公司). In November 2004, these five shareholders disposed of their shares of Wuxi Jintai Property Investment Company Limited at an aggregate consideration of RMB15.5 million. The plaintiff alleged that Shu Cecheng was appointed by the other four shareholders as their representative to invest their shares of the consideration, or RMB12.4 million, into Wuxi Wuzhou Ornament City. The plaintiff also alleged that he further invested RMB2.0 million into Wuxi Wuzhou Ornament City through Shu Cecheng, and his total investment amounted to RMB5.1 million, representing a 7.29% equity interest in Wuxi Wuzhou Ornament City. Thus he filed the complaint to claim his title and benefit.

Shu Cecheng confirmed that his investment in Wuxi Wuzhou Ornament City was funded by his own funds. All of the other three former shareholders of Wuxi Jintai Property Investment Company Limited confirmed that they retained their shares of the consideration (RMB9.9 million) and did not appoint Shu Cecheng as their representative to make the alleged investment.

On April 1, 2013, the High Court of Jiangsu Province issued a judgment dismissing the plaintiff's claims. On April 15, 2013, the plaintiff appealed to the PRC Supreme Court. We are in the process of disputing with the alleged claims and defending ourselves vigorously.

Jiangsu Jingyi Law Office, our legal adviser in relation to this legal proceeding, and Global Law Office, our PRC legal adviser, are of the opinion that these claims lack a legal basis. As such, our Directors are of the view that these claims would not have any material impact on our operations and financial condition. The Controlling Shareholders have given an indemnity in favor of the Company to indemnify the Group against all losses, liabilities and damage which may be suffered and all payments, costs and expenses which may be suffered, made or incurred arising out of, in relation to or in connection with this legal proceeding.

The alleged complaint is supported by, among others, an unauthorized confirmation made under our company seal in 2005. We did not authorize and we were not aware of the use of the seal, which our legal adviser, Jiangsu Jingyi Law Office, is submitting to the High Court of Jiangsu Province. In order to enhance our internal controls, in December 2010, we started to require all of our subsidiaries to implement seal keeping procedures. The seals of our subsidiaries are held securely by persons designated or approved by us in accordance with our internal procedures. In addition, a designated person having access to one type of seal is not permitted to have access to other types of seals which are to be used for other specific purposes. For example, designated persons having access to finance seals are not permitted to have access to invoice seals, human resource seals or contract seals. Prior to using seals, a designated person is required to sign a letter certifying his or her obligations and liabilities for misuse. If a seal is lost, stolen or damaged, the designated person is required to immediately report to the legal representative of the subsidiary and issue a public announcement. Since the adoption of these procedures, we are not aware of any misuse or misappropriation of our seals.

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On June 16, 2011, Daoxiang filed a claim against Wuxi Zhongnan in the People's Court of Jiangsu Wuxi Hi-tech Industrial District over a contract dispute regarding the payment terms of a construction contract. Daoxiang sought a payment of a construction service fee of RMB1,958,940.64 and accrued interest, and we claimed it to be RMB1,061,400.54 based on our record. A judgment was issued by the People's Court of Jiangsu Wuxi Hi-tech Industrial District on May 22, 2012 to pay Daoxiang a construction service fee of RMB1,061,400.54. Daoxiang appealed, and the final judgment was entered into by the Intermediate People's Court of Jiangsu Wuxi on December 5, 2012, under which Wuxi Zhongnan is required to pay Daoxiang a construction service fee of RMB1,061,400.54 and accrued interest. We made a provision of RMB1,400,000 for this dispute in 2011.

As of the Latest Practicable Date, we had not encountered any circumstances that have led or are expected to lead to material construction delays or received any material claims from our customers for our failure to complete any pre-sold properties on time, or received any material claims from our customers for our delay in the delivery of property ownership certificates. As of the Latest Practicable Date, Our Directors are not aware of any potential delay in construction which will materially affect the delivery of properties pre-sold or the pre-sale and sale of properties in our completed projects and projects under development in the next 12 months.

We were not subject to any penalty and/or land idle fee imposed by the PRC government for our failure to develop a project on a timely basis in accordance with the relevant land use rights grant contracts during the Track Record Period. As of the Latest Practicable Date, we did not have any land which was subject to reclamation by the PRC government.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Following the completion of the [●] (but not taking into account of any Shares which may be allotted and issued upon the exercise of the [●] and the exercise of options which may be granted under the Share Option Scheme), Boom Win will be interested in 74.25% of the issued share capital of our Company. Boom Win is held by Shu Cecheng and Shu Cewan 60% and 40% respectively. Accordingly, Boom Win, Shu Cecheng and Shu Cewan will remain as the Controlling Shareholders of our Company after the [●].

Non-competition undertaking

On May 18, 2013, each of our Controlling Shareholders has entered into a deed of non-competition in favor of our Company (for itself and on behalf of all members of the Group), pursuant to which he has undertaken, subject to and except as mentioned in this document, that he would not, and would procure that none of his/its associates (other than any member of our Group) will directly or indirectly, engage in any business which competes or is likely to compete directly or indirectly with our Group's business as described in this document in the PRC or any other places in which our Group carries on business (the "**Restricted Activity**").

The aforesaid undertakings do not apply with respect to an investment or interest in units or shares of, inter alia, any company which engages in any Restricted Activity where such investment or interest does not exceed 5% of the outstanding voting shares of the relevant company, provided that such investment or interest does not grant such Controlling Shareholder and/or his/its associates (other than any member of our Group) any right to control the composition of the board of directors or managers of such a company nor any right to participate, directly or indirectly, in the management of such company. The non-competition undertakings and the rights and obligations thereunder are subject to and conditional upon the [●].

The obligations of the Controlling Shareholders under the deed of non-competition will remain in effect until:

- (i) [●]; or
- (ii) the relevant Controlling Shareholder and/or his/its associates (other than any member of our Group) cease to hold or otherwise be interested in, whether directly or indirectly, 30% or more of the voting rights of our Company,

whichever occurs first.

Independence of management, financing and operation

Having considered the following factors, our Directors are of the view that our Group is able to be operationally and financially independent from our Controlling Shareholders and their associates:

Management independence

Our Board comprises five executive Directors and three independent non-executive Directors. We consider that our Board will function independently from our controlling shareholders for the following reasons:

- (i) each Director is aware of his fiduciary duties as a Director of the Company which requires, among other things, that he acts for the benefit and in the best interests of the Company and does not allow any conflict between his duties as a Director and his personal interest;
- (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions; and

- (iii) our Board comprises eight Directors, and three of them are independent non-executive Directors, which represents one-third of the members of the Board.

Financial independence

Our Group has an independent financial system and makes financial decisions according to its own business needs. As at December 31, 2012, a total of RMB232.1 million was due from our Group to our Controlling Shareholders and the companies controlled by our Controlling Shareholders which had been fully settled as of the Latest Practicable Date. Our Directors believe we are capable of obtaining financing from third parties without reliance on the Controlling Shareholders after the [●].

Operational Independence

Our Group has an independent work force to carry out the development of property projects and does not share its operation team with the Controlling Shareholders’ businesses outside our Group. Other related party transactions relating to our Group, in all material respects, are disclosed in Note 34 of the Accountants’ Report. Our Directors confirm that these related party transactions were conducted in the ordinary course of business and on fair and reasonable normal commercial terms.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders have confirmed that they fully comprehend their obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid potential conflicts of interest, we have adopted a system of corporate governance with the following principal components:

- (i) our Articles provide that, except in certain limited circumstances, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest, nor shall such Director be counted in the quorum present at the meeting. As such, our Controlling Shareholders shall not vote or be counted in the quorum in respect of any proposals involving the Controlling Shareholders or any of their affiliates;
- (ii) we are committed to the principle that our Board should include a balanced composition of executive and independent non-executive Directors. We believe our independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors, Senior Management and Employees”;
- (iii) we have appointed OCTAL Capital Limited as our compliance advisor, which is expected to provide advice and guidance to us in respect of compliance with the applicable laws including various requirements relating to directors’ duties and internal controls;
- (v) in addition, if our independent non-executive Directors consider it necessary or desirable, they may also engage professional advisors (including an independent [●]) at the cost of our company to advise them on matters relating to any non-competition agreement or on any business opportunities which may be referred to us by our Controlling Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The following table sets forth certain information relating to our Directors:

Name	Age	Position/Title	Roles and Responsibilities	Date of Appointment	Relationship
Shu Cecheng (舒策城)	44	Chairman and executive Director	overall business, financial and strategic planning of our Group. The chairman of the nomination committee	June 22, 2010 (re-designated as an executive Director on November 14, 2012)	Shu Cecheng is the brother of our executive Directors Mr. Shu Cewan, Mr. Shu Ceyuan and our senior management Mr. Shu Cezhang
Shu Cewan (舒策丸)	42	chief executive officer and executive Director	overseeing our operations and all key aspects of our operations and business, including the planning and implementation of our projects. A member of the remuneration committee	November 14, 2012	Mr. Shu Cewan is the brother of our executive Directors Shu Cecheng, Mr. Shu Ceyuan and our senior management Mr. Shu Cezhang
Shu Ceyuan (舒策員)	39	executive Director	overall planning and controlling processes for our construction works	November 14, 2012	Mr. Shu Ceyuan is the brother of our executive Directors Shu Cecheng, Mr. Shu Cewan and our senior management Mr. Shu Cezhang
Wu Xiaowu (吳曉武)	46	executive Director	overseeing our Group’s financial matters, such as management reporting, group budgeting and forecasting as well as internal control and risk management	November 14, 2012	—

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position/Title	Roles and Responsibilities	Date of Appointment	Relationship
Zhao Lidong (趙立東)	41	executive Director	overseeing our planning and design center, project management center, cost-control center and our Group’s commercial management subsidiaries	November 14, 2012	—
Song Ming (宋敏)	51	independent non-executive Director	the chairman of the remuneration committee and a member of the audit and nomination committees	May 18, 2013	—
Lo Kwong Shun Wilson (羅廣信)	39	independent non-executive Director	the chairman of the audit committee and a member of the nomination committee	May 18, 2013	—
Shu Guoying (舒國澄)	53	independent non-executive Director	a member of the audit and remuneration committees	May 18, 2013	—

Executive Directors

Shu Cecheng (舒策城), aged 44, is our chairman. Mr. Shu was appointed as our Director on June 22, 2010 and was re-designated as an executive Director on November 14, 2012. He is the brother of Mr. Shu Cewan, our chief executive officer, Mr. Shu Ceyuan, our executive Director and Mr. Shu Cezhang, our Group’s head of operations. Mr. Shu established the business of our Group in December 2004 and has been primarily responsible for the overall business, financial and strategic planning of our Group. Mr. Shu is also responsible for overall development of our Group’s strategic direction and corporate policies and plays an active role in the development, maintenance and strengthening of client relations. Mr. Shu has over eight years of experience in the real estate development industry and he has been with our Group since December 2004. He has also been the executive director of our Group companies, such as (i) Wuxi Zhongnan since 2004, (ii) Wuxi Wuzhou Ornament City since 2005, (iii) Wuxi Longan since 2008, (iv) Hong Kong Wuzhou since 2011 and (v) Wuzhou Int’l Group Investment since 2005.

Throughout the years, Mr. Shu has held various positions in many professional organizations. For instance, Mr. Shu was appointed as the chairman of the Council of China SCMA Academy (中國市場研究院理事會) in October 2009 and has been the executive vice president of Wuxi Wenzhou Chamber of Commerce (無錫市溫州商會) since November 2011. Mr. Shu has also been appointed as the committee member of the Wuxi Committee of the Chinese People’s Political Consultative Conference (無錫市政協) since June 2012, and the executive director of the fourth Wuxi Charity Federation (第四屆無錫市慈善總會) since May 2011. In addition, Mr. Shu is currently the chairman of the Sixth Council of Wuxi Market Association (無錫市場協會第六屆理事會), the member of the Eleventh executive committee of Wuxi Association of Industry and Commerce (無錫市工商業聯合會第十一屆執行委員會) and the director of Wuxi Chamber of Commerce (無錫市總商會) and the vice chairman of the China Economic and Trade Promotion Association (中國經濟貿易促進會).

Mr. Shu has also received many awards acknowledging his contributions and accomplishments in the area of real estate development. For instance, Mr. Shu was awarded the China Zhejiang Merchants Commercial Property Special Contribution Award (中國浙商商業地產特別貢獻獎) by the

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Branding Committee of the China SCMAALL Academy (中國市場研究院品牌委員會) and China (Zhejiang Merchants) Commercial Property Media Alliance (中國(浙商)商業地產傳媒聯盟) in September 2011. Mr. Shu was also recognized as one of the Chinese Market Leading Persons (中國市場領軍人物) by the Second Chinese Market Conference (第二屆中國市場大會) in September 2012.

Mr. Shu has obtained a master of business administration at the Victoria University Switzerland in December 2012 after 3 years of part-time study.

Mr. Shu Cewan (舒策丸), aged 42, is our chief executive officer. Mr. Shu was appointed as our Director on November 14, 2012. He is the brother of Shu Cecheng, our chairman, Mr. Shu Ceyuan, our executive Director and Mr. Shu Cezhang, our Group’s head of operations. Mr. Shu is closely involved in our operations and oversees all the key aspects of our operations and business, including the planning and implementation of our projects. Mr. Shu has over eight years of experience in the real estate development industry, and he has been with our Group since December 2004. From 2004 to 2009, Mr. Shu was the general manager of Wuxi Zhongnan and that of Wuxi Wuzhou Ornament City from 2005 to 2009. Mr. Shu has also been serving as the vice chairman and president of Hong Kong Wuzhou since 2011, and the vice president of Wuzhou Int’l Group Investment since 2009. Over the years, Mr. Shu has been responsible for the overall day-to-day management of these Group companies, particularly in the aspects of operation, administration and finance.

Mr. Shu was recognized as the 2010 Chinese Commercial Real Estate Driving Force Figure (中國商業地產推動力人物) by the Organizing Committee of the Fifth China Commercial Real Estate Annual Conference (第五屆中國商業地產及寫字樓年會組委會) in May 2010. In March 2011, Mr. Shu was awarded The Most Respected Private Enterprise Entrepreneur (中國最受尊敬民營企業家) by, among others, China Enterprise Rating Association (中國企業評價協會) and Council for the Promotion of International Cooperation and Development of Chinese Private Enterprise (中國民營企業國際合作發展促進會). Mr. Shu was later awarded the Chinese Influential Person (中國商業地產風雲人物) by China Commercial Real Estate Alliance Conference (中國商業地產招商大會) in November 2011. Mr. Shu has also been appointed as the vice chairman of Wuxi Wenzhou Chamber of Commerce (無錫市溫州商會) since 2011.

Mr. Shu graduated from Jiangnan University (江南大學) with a diploma in business management in July 2011 by way of taking online courses. Mr. Shu has obtained a master of business administration at the Victoria University Switzerland in December 2012 after 3 years of part-time study.

Mr. Shu Ceyuan (舒策員), aged 39, was appointed as our executive Director on November 14, 2012. He is the brother of Shu Cecheng, our chairman, Mr. Shu Cewan, our chief executive officer and Mr. Shu Cezhang, our Group’s head of operations. Mr. Shu has over eight years of experience in the real estate development industry. In particular, Mr. Shu is familiar with the area of property construction and plays a vital role in the planning and controlling processes for our construction works. Mr. Shu has been with our Group since March 2004 and has been the vice president of Wuzhou Int’l Group Investment since 2010. Mr. Shu has also been the vice president of Hong Kong Wuzhou since 2011, primarily in charge of its planning and design center, project management center and cost-control center. Mr. Shu was the manager of the construction department of Wuxi Zhongnan from 2007 to 2010, and that of Wuxi Wuzhou Ornament City from 2004 to 2007, where he was responsible for management of construction projects, with emphasis on the quality, cost, safety and progress control.

Mr. Shu has obtained a master of business administration at the Victoria University Switzerland in December 2012 after 3 years of part-time study.

Ms. Wu Xiaowu (吳曉武), aged 46, was appointed as our executive Director on November 14, 2012. Ms. Wu has over 24 years of experience in financial management. Ms. Wu joined our Group in

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2009 and was appointed by Wuzhou Int'l Group Investment as the chief financial officer in 2010, mainly responsible for overseeing our Group's financial matters, such as management reporting, group budgeting and forecasting as well as internal control and risk management. Prior to joining our Group, Ms. Wu was the director and chief financial officer of Wuxi Huadong Cocoa Food Co., Ltd. (無錫華東可可食品股份有限公司) from 2007 to 2009 and was in charge of the company's financial matters. Between 2001 and 2007, Ms. Wu served as the chief financial officer of Wuxi Taian Automation Co., Ltd. (無錫市台安自動化有限公司) and was in charge of overall financial management of the company. Prior to that, from 1988 to 2001, Ms. Wu was the head of the financial department of Wuxi Zhongya Wool Spinning and Printing Co., Ltd. (無錫中亞毛紡織印染有限公司), and was responsible for the management of the company's financial matters.

Ms. Wu graduated from Jiangsu University (江蘇大學) with a diploma in accounting in July 2003. Ms. Wu was qualified as a senior accountant by the Personnel Department of Jiangsu Province (江蘇省人事廳) in October 2007 and later accredited as senior accountant by the International Profession Certification Association in November 2011. Ms. Wu has obtained a master of business administration at the Victoria University Switzerland in December 2012 after three years of part-time study.

Mr. Zhao Lidong (趙立東), aged 41, was appointed as our executive Director on November 14, 2012. Mr. Zhao has over 13 years of experience in the property development industry. In particular, Mr. Zhao is familiar with the area of property construction and supports our executive Director, Mr. Shu Ceyuan, in the planning and controlling for the construction of our projects. Mr. Zhao joined our Group in November 2011 and was appointed as the vice president of Wuzhou Int'l Group Investment, and was responsible in overseeing our planning and design center, project management center, cost-control center and our Group's commercial management subsidiaries.

Between 2003 and 2011, Mr. Zhao held various positions in Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司), including serving as the engineer of Dalian Wanda Group Commercial Property Management Co., Ltd. (大連萬達集團商業物業管理有限公司), the deputy general manager of Wuhuan Wanda Group Plaza Commercial Management Co., Ltd. (武漢萬達廣場商業管理有限公司) and Tianjin Wanda Plaza Commercial Management Co., Ltd. (天津萬達廣場商業管理有限公司), and as the general manager of property management department, construction department and preparatory department of Wanda Commercial Management Co., Ltd. (萬達商業管理有限公司). His scope of responsibilities included project management and operational management.

Prior to that, from 1999 to 2003, Mr. Zhao was the project director of Dalian Commercial Construction Supervision Company (大連商業建築工程監理公司), responsible for overseeing different construction projects. Between 1996 and 1999, Mr. Zhao worked at Dalian Tariff-free Zone Wote International Commerce Co., Ltd. (大連保稅區沃特國際工貿有限公司) as the manager of the engineering department, mainly responsible for the construction project of water supply systems. From 1992 to 1996, Mr. Zhao worked at Dalian Power Station (大連發電總廠) which is now known as Dalian Power Co., Ltd. (大連發電有限責任公司) as an engineer and technical specialist, primarily responsible for the installation of electricity and heating systems.

Mr. Zhao graduated from Dalian University (大連大學) in July 1992 with a diploma in thermal power engineering. Mr. Zhao later obtained a bachelor's degree from Dalian University of Technology (大連理工大學) in July 1999, majoring in computer applications. Mr. Zhao was qualified as a heating and ventilation engineer in November 2000.

Independent Non-executive Directors

Dr. Song Ming (宋敏), aged 51, was appointed as our independent non-executive Director on May 18, 2013. Dr. Song has over 20 years' experience in the research of bank regulation and management, financial market, derivatives and macroeconomics. Dr. Song is currently the director of the department of finance and a professor at the school of economics at Peking University. Dr. Song was employed by the school of economics and finance of the University of Hong Kong since 1997

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and is currently a professor at the school. Between 1991 and 1997, Dr. Song was the associate professor and assistant professor at the department of economics, Cleveland State University. In addition, Dr. Song is currently the director of Centre for China Financial Research and the associate director of Institute for China and Global Development at the University of Hong Kong. Dr. Song has been heavily involved in various academic conferences, research and consultation projects.

Dr. Song has been appointed as an independent non-executive director of the United Laboratories International Holdings Limited (stock code: 3933) and Guotai Junan International Holdings Limited (stock code: 1788) since 2007 and 2010 respectively.

Dr. Song is currently the vice president of the Chinese Financial Association of Hong Kong (香港中國金融協會副主席). Dr. Song has also been involved in different advisory committees of the Hong Kong Government. Dr. Song is currently a member of the Advisory Committee on Human Resources Development in the Financial Services Sector in Hong Kong.

Dr. Song graduated from Zhejiang University (浙江大學) in July 1982 with a bachelor's degree in applied mathematics. Dr. Song later obtained his master of applied mathematics from Huazhong Institute of Technology (華中工學院), currently known as Huazhong University of Science and Technology (華中科技大學), in July 1985. Dr. Song was awarded a doctorate degree by Ohio State University in June 1991.

Mr. Lo Kwong Shun Wilson (羅廣信), aged 39, was appointed as our independent non-executive Director on May 18, 2013. He has more than 11 years' experience in investment banking and advising on corporate finance and three years' experience in accounting and auditing.

Mr. Lo has been working at Guotai Junan Capital Limited since 2002 and is currently the executive director and deputy general manager, where he has been involved in various listing and restructuring transactions. Prior to that, from 1999 to 2002, he worked at Kingsway Capital Limited and BOCI Asia Limited, responsible for handling corporate finance assignments and assisting the analysis of various proposed listing projects while working alongside other professionals. Between 1996 and 1999, Mr. Lo worked at KPMG and was responsible for the audit of companies of various industry sectors. Mr. Lo has been independent non-executive director of Kingdom Holdings Limited (stock code: 528) and Raymond Industrial Limited (stock code: 229) since 2010 and 2013, respectively.

Mr. Lo has been a member of the American Institute of Certified Public Accountants since December 1999 and a member of the Hong Kong Institute of Certified Public Accountant since September 2005. Mr. Lo has been a chartered financial analyst registered with the Association for Investment Management and Research since September 2001. Mr. Lo obtained his bachelor degree in commerce from University of British Columbia in May 1995.

Prof. Shu Guoying (舒國滢), aged 53, was appointed as our independent non-executive Director on May 18, 2013. He has more than 25 years' experience in the PRC law, particularly in the teaching of jurisprudence and legal methodology.

Prof. Shu has held various teaching positions in the China University of Political Science and Law (中國政法大學) ("CUPL") since 1986, where he first started as a teaching assistant and was later promoted to lecturer, associate professor and professor in 1988, 1994 and 2001 respectively. Prof. Shu has also been a member of the Academic Committee of CUPL since 2001. In addition, from 2006 to 2008, Prof. Shu was a part-time professor of China Foreign Affairs University (外交學院) and has held positions in many professional organizations. For instance, Prof. Shu has been a member of the proposition committee of the Chinese National Judicial Examination (國家司法考試命題委員會) between 2002 and 2005 and a member of the First Legislative and Legal Expert Committee of the Beijing People's Municipal Government (第一屆北京市人民政府立法工作法律專家委員會) since 2009. Throughout his professional career in the legal academia, Prof. Shu has published numerous books and journal articles in the PRC.

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Prof. Shu graduated from CUPL with a bachelor’s degree in law in July 1983, and later with a master’s degree in law in July 1986.

Except as disclosed above, each of our Directors has confirmed that he has not held any other directorships in listed companies during the three years immediately prior to the date of this document that there is no other matter that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The following table sets forth certain information relating to our senior management:

Name	Age	Position/ Title
Zhu Aiming (朱愛明)	46	head of development
Shu Cezhang (舒策張)	34	head of operations
Shen Xin (沈欣)	44	head of engineering
Chan Sze Hon (陳思翰)	40	chief financial officer
Shen Xiaowei (沈曉偉)	36	financial controller
Li Feng (李峰)	33	head of marketing
Zeng Jiamu (曾家畝)	37	head of administration
Cai Qiaoling (蔡巧玲)	31	head of human resources

Mr. Zhu Aiming (朱愛明), age 46, is our Group’s head of development. Mr. Zhu joined our Group in 2007 as the deputy general manager, and worked as the general manager since 2010, of Wuxi Zhongnan and was responsible for project management, coordinating with external parties and obtaining governmental approvals for various construction projects. Prior to joining our Group, from 2005 to 2007, Mr. Zhu worked as the deputy general manager of Wuxishi Xiaoying Environmental Technology Co., Ltd. (無錫市霄鷹環境科技有限公司), where he helped establish the management system, facilitated and supervised work progress, and was in charge of business development and assessment plans. Prior to that, between 2004 and 2005, Mr. Zhu was the general manager of Wuxi Fengshuilong International Property Co., Ltd. (無錫風水隆國際置業有限公司) where he was involved in the implementation of sales targets, supervision of project planning and operation management, and budgeting and coordination between internal and external working teams. Between 2003 and 2004, Mr. Zhu was the logistics manager of Shenzhen Oriental English College (深圳東方英文書院) and was in charge of logistics management and public relations. From 1995 to 2002, Mr. Zhu worked at Qinghai Securities Co., Ltd. (青海證券有限責任公司) Shenzhen headquarter as the administrative officer, and was primarily responsible for supervising work process, implementing internal management plans and developing public relations. Mr. Zhu was the chief logistics officer of Tuboscope Far East Pte., Ltd. (特伯斯高遠東有限公司) from 1992 to 1994 and was responsible for supervising the company’s daily logistics and its management system.

Mr. Zhu graduated from Yancheng Institute of Technology (鹽城工學院) in June 1984 with a diploma in urban construction and management. In April 2010, Mr. Zhu was qualified as a senior strategist by National Talent Service Centre under the Ministry of Human Resources (人事部全國人才流動中心).

Mr. Shu Cezhang (舒策張), age 34, is our Group’s head of operations. Mr. Shu joined our Group in 2005 and has held various positions including the deputy general manager of our Group’s commercial operation center and the general manager of our Group’s commercial management companies, where he has been primarily involved in their overall administration and operations. Mr. Shu is the brother of Shu Cecheng, our chairman, Mr. Shu Cewan, our chief executive officer and Mr. Shu Ceyuan, our executive Director.

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From 2005 to 2010, Mr. Shu was the marketing director of Wuxi Zhongnan, where he was in charge of marketing and promotional matters. Mr. Shu is currently the director of many of our Group companies, including Wuxi Wuzhou Ornament City and Wanxiang Marketing Development.

He graduated from California American University in January 2013 with an external degree of MBA. Mr. Shu was awarded the 2012 China Commercial Property New Talent Award (2012中國商業地產新銳人物獎) by the Organizing Committee of the China Commercial Property Fair (中國商業地產博覽會組委會) in October 2012.

Mr. Shen Xin (沈欣), aged 44, is our Group's head of engineering. Mr. Shen was the executive vice president of Wuxi Wuzhou Ornament City from 2007 to 2010, was appointed as the vice president of Hong Kong Wuzhou in 2012, and was responsible for the audit center and the cost control center. Prior to joining our Group, from 2000 to 2012, Mr. Shen held managerial positions at a number of real estate development companies in the PRC. Between 1991 and 2000, Mr. Shen worked as a designer in China Architecture Dongnan Design Institute (中國建築東南設計研究院), which is now known as China Architecture Shanghai Design Institute Co., Ltd. (中國建築上海設計研究院有限公司), where he was mainly responsible for structural design, contract and operation management.

Mr. Shen graduated from Tongji University (同濟大學) in December 1997 with a bachelor's degree in engineering, majoring in industrial and civil construction. He later earned his second bachelor's degree in management from Tongji University in June 2001 by way of self-study, majoring in construction management. Mr. Shen was qualified as an engineer in December 1998 by China Architecture and Construction Co. (中國建築工程總公司) and China Architecture Dongnan Design Institute (中國建築東南設計研究院), and later as a class 1 registered structural engineer in January 1999 by the National Administration Board of Engineering Registration (Structural) PRC (全國注冊工程師管理委員會(結構)).

Mr. Chan Sze Hon (陳思翰), ACCA, CPA, aged 40, is our Group's chief financial officer and company secretary. Mr. Chan joined our Group in 2012 and has been responsible for supervising the financial reporting, corporate finance, treasury, tax and other finance related matters of our Group. Mr. Chan has over 17 years of experience in accounting and financial management and had worked for an international accounting firm in Hong Kong for over eight years.

Prior to joining our Group, from 2009 to 2012, Mr. Chan has been an executive director, company secretary and chief executive officer of Fantasia Holdings Group Co., Limited (stock code: 1777) and was mainly responsible for the day-to-day financial management and company secretarial matters of the company. Mr. Chan was an executive director of Greater China Holdings Limited (stock code: 431) from 2005 to 2008, and later as a non-executive director since 2008. Mr. Chan was the independent non-executive director of each of BLU SPA Holdings Limited, currently known as China AU Group Holdings Limited (stock code: 8176) and China Mining Resources Group Limited (stock code: 340) from 2007 to 2012 and 2007 to 2011, respectively. Prior to that, Mr. Chan was the chief financial officer of HealthWorks Group Holdings Ltd. from 2004 to 2005 and was an accountant of Deloitte Touche Tohmatsu from 1995 to 2004, where he held various positions such as staff accountant, senior accountant and manager. Mr. Chan also served as an independent non-executive director of ERA Information & Entertainment Limited, currently known as ERA Mining Machinery Limited, a company whose shares were listed on the Stock Exchange and delisted in 2012, from 2007 to 2012.

Mr. Chan graduated from City University of Hong Kong in November 1995 with a bachelor's degree in accountancy. He later obtained a master's degree in corporate finance from the Hong Kong Polytechnic University in December 2007. Mr. Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 1999 and a fellow member of the Association of Chartered Certified Accountants since October 2003.

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Mr. Shen Xiaowei (沈曉偉), aged 36, is our Group's financial controller. Mr. Shen joined our Group in 2011 and was appointed by Wuzhou Int'l Group Investment as the deputy director of the financial management center and fund management center. Prior to joining our Group, Mr. Shen served as a deputy director of the business division of Wuxi Zhongxin Tax Agency Co., Ltd. (無錫眾信稅務師事務所有限公司) from 2008 to 2010 and was responsible for the tax auditing and planning, team management and external coordination within the real estate development industry. Between 1998 and 2007, Mr. Shen was the auditor of Wuxi Zhongxin Accountants Co., Ltd. (無錫市眾信會計師事務所有限公司) and was responsible for capital verification, financial auditing and tax auditing.

Mr. Shen obtained a diploma in accounting from Nanjing Audit University (南京審計學院) in July 1998. Mr. Shen was qualified as a registered tax agent by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) and State Administration of Taxation (國家稅務總局) in February 2005. Mr. Shen was also qualified as certified public accountants in China by the Chinese Institute of Certified Public Accountants in February 2005. Mr. Shen has been appointed as a member of the tax advisory group of Wuxi Construction Industry Taxpayers (無錫市建築業納稅人之家) in 2009.

Mr. Li Feng (李峰), aged 33, is our Group's head of marketing. Mr. Li joined our Group in 2007 and held various positions such as the sales director of Wuxi Zhongnan and general manager of our sales center and International Marketing Development. Mr. Li is primarily responsible for sales, marketing, and investment related work. Prior to joining our Group, Mr. Li served as a project director at Shenzhen Angel Properties Consulting Co., Ltd. (深圳市安佳置業顧問有限公司) between 2006 and 2007, where he was mainly involved in the marketing and project financing in Jiangsu Province. From 2005 to 2006, Mr. Li was a senior planning manager of Shenzhen Shanghe Business Operation Management Co., Ltd (深圳市尚和商業運營管理有限公司) and was involved in project planning and project financing. Between 2002 and 2005, he was a manager of planning department in Shenzhen Shangyue Advertising Co., Ltd. (深圳市尚玥廣告有限公司) and was involved in advertisement planning for projects.

Mr. Li is currently undertaking a part time program in master of business administration at the Victoria University Switzerland.

Mr. Zeng Jiamu (曾家畝), aged 37, is our Group's head of administration. Mr. Zeng joined our Group in 2008 and has been in charge of the general management of several of our Group companies. Mr. Zeng has been our Group's vice president of Suzhou north area since 2012. Mr. Zeng has also been the executive director of Jianhu Wuzhou since 2011, where he has been responsible for its day-to-day management. Since 2009, Mr. Zeng has been a deputy managing director of Yancheng Wuzhou, where he was involved in the daily operation and financial management. From 2008 to 2009, Mr. Zeng was a deputy general manager of Wuxi Business Management and was responsible for overseeing its daily operations and implementation of sales strategies and targets.

Mr. Zeng was qualified by China National Center for Human Resources (全國人才流動中心) and Research Center for Professional Manager (職業經理人研究中心) as an senior manager in 2008. Mr. Zeng is currently pursuing a diploma in business administration at the Yancheng Broadcast and Television University Tinghu Campus (鹽城市廣播電視大學亭湖分校) by way of long-distance learning.

Ms. Cai Qiaoling (蔡巧玲), aged 31, is our Group's head of human resources. Ms. Cai joined our Group as a secretary of the chairman in 2007, and was mainly responsible for handling legal matters and assisting the chairman in day-to-day matters. Prior to joining our Group, from 2005 to 2006, Ms. Cai worked as an assistant in Shanghai Jinxiao Law Firm (上海金曉律師事務所) where she assisted lawyers in managing and filing documents.

Ms. Cai graduated from East China College of Political Science and Law (華東政法學院), which is currently known as East China University of Political Science and Law (華東政法大學), in June 2004 with a diploma in law by way of self-study. Ms. Cai was certified as a top-level economic engineer by

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Accreditation Center for National Vocational Qualification Examination (全國職業資格考試認證中心) (“**NVQE**”) in November 2008. Later in January 2009, Ms. Cai was certified by NVQE as a top-level tax strategist.

COMPANY SECRETARY

Mr. Chan Sze Hon is our company secretary. For more information on the biographical details of Mr. Chan, please refer to the section headed “— Senior Management”.

BOARD COMMITTEES

Audit Committee

We established an audit committee on May 18, 2013. The audit committee consists of three members, all of whom are independent non-executive Directors, being Lo Kwong Shun Wilson, Song Ming and Shu Guoying. The audit committee is chaired by Lo Kwong Shun Wilson. The primary duties of the audit committee are to assist the Board of Directors in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board of Directors of our Company.

Remuneration Committee

We established a remuneration committee on May 18, 2013. The remuneration committee consists of three members, two of whom are independent non-executive Directors, being Song Ming and Shu Guoying, and one executive Director, being Shu Cewan. The remuneration committee is chaired by Song Ming. The primary duties of the remuneration committee include:

- making recommendations to our Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration;
- determining the terms of the specific remuneration package of our Directors and senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives achieved by our Directors from time to time; and
- considering and approving the grant of [●] to [●] pursuant to our Share Option Scheme conditionally adopted by our Company pursuant to a resolution passed by our Shareholders on May 27, 2013 upon authorization by the Board of Directors of the Company.

Nomination Committee

We established a nomination committee on May 18, 2013. The nomination committee consists of three members, two of whom are independent non-executive Directors, Lo Kwong Shun Wilson and Song Ming, and one executive Director, Shu Cecheng. The nomination committee is chaired by Shu Cecheng. The primary duties of the nomination committee are to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorship.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Compensation of Directors and Senior Management

Our executive Directors receive, in their capacity as our employees, compensation in the form of salaries, bonus, other allowances and benefits in kind, including our contribution to the pension scheme for our executive Directors, in their capacity as employees, according to the law of the relevant jurisdiction.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses), which were paid to our Directors for the three years ended December 31, 2010, 2011 and 2012, were approximately RMB1,061,000, RMB2,537,000, and RMB3,209,000, respectively.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses), which were paid by our Group to our five highest paid individuals for the three years ended December 31, 2010, 2011 and 2012, were approximately RMB1,796,000, RMB3,107,000, and RMB3,787,000, respectively.

No remuneration was paid by our Group to the Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended December 31, 2010, 2011 and 2012. No Director has waived or has agreed to waive any emoluments during the three years ended December 31, 2010, 2011 and 2012.

It is estimated that the remuneration and benefits in kind, excluding any discretionary bonus payable to the Directors, which is equivalent to approximately RMB6.1 million in aggregate, will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2013 under arrangements in force at the date of this document.

Employees Description

We had a total of 2,324 employees as at the Latest Practicable Date. Please refer to "Business — Employment" for details of numbers and categorization of our employees by function.

All of our employees are employed under employment contracts. We review the performance of our employees quarterly and annually, the results of which are used in his or her annual salary review and promotion appraisal.

All of our employees are considered for a quarterly and annual bonus based on various performance criteria and their assessment results.

We review our staff remuneration packages annually. We conduct research on remuneration packages offered to similar positions in our industry, which we believe allows us to remain competitive in the labor market.

We incurred staff costs (including Directors' emoluments) of approximately RMB29.4 million, RMB70.6 million, and RMB117.5 million for the three years ended December 31, 2010, 2011 and 2012, representing 3.4%, 4.7% and 5.2% of our sales for those periods, respectively.

We confirm that no compensation was paid by us to, or receivable by, such employees for the three years ended December 31, 2010, 2011 and 2012 for loss of office in connection with the management of our affairs, or as an inducement to join or upon joining us.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Compensation of Employees

Compensation of our employees, including our sales staff, consists of basic salary and bonuses. Bonuses are determined on a quarterly and yearly basis based on performance reviews and the overall financial results of our Group. At the completion of a property project, we also issue a special project completion bonus.

Employee Incentive Schemes

We have adopted the Share Option Scheme for the benefit of our employees, including our Directors and senior management personnel, subject to the terms and conditions respectively stated therein. The principal terms of the employee incentive schemes are summarized under the sections headed “Statutory and General Information — E. Share Option Scheme” in Appendix VII to this document.

Retirement Schemes

Our employees in the PRC participate in various pension schemes organized by the relevant municipal and provincial governments under which we are required to make monthly contributions to these plans. The local government is responsible for the planning, management, and supervision of the scheme, including collecting and investing the contributions and paying out the pensions to the retired employees.

We participate in a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all our employees in Hong Kong. Contributions from us are 100% vested in each employee immediately but, subject to limited exceptions, all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 or ceases employment and attains the age of 60. Our contributions to the provident fund scheme in Hong Kong can be used to offset any long service payments or severance payments payable and are deductible for income tax purposes.

The total amount of contributions we made for such employee pension schemes for the three years ended December 31, 2010, 2011 and 2012 was approximately RMB4.1 million, RMB7.0 million and RMB11.1 million, respectively.

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OVERVIEW

We are a leader in the development and operation of specialized wholesale markets in China and we are also a leading property developer in both the Yangtze River Delta Area and Jiangsu Province in the development and operation of multi-functional commercial complexes, according to a survey by Savills. In November 2010, our brands “Wuzhou International” and “Columbus” were awarded the “2010 Well-known Commercial Real Estate Brands in China” by China Marketing Academy (中國市場研究院). Our “Wuzhou International”-branded specialized wholesale markets are comprehensive trading platforms for vendors of specific types of industrial and consumer products, such as industrial hardware, construction materials, furniture, household goods, auto parts and small commodities, among others. Our “Wuzhou International”- and “Columbus”-branded multi-functional commercial complexes provide one-stop shopping with supermarkets, department stores, restaurants, movie theaters, offices and other ancillary facilities. We were a top-three developer and operator of specialized wholesale markets in China and a top-20 developer and operator of multi-functional commercial complexes in the Yangtze River Delta Area, based on total GFA completed, under development and held for future development as of December 31, 2012, according to Savills.

We derive our revenue primarily from:

- **Property sales.** We develop and sell specialized wholesale markets and multi-functional commercial complexes, providing us with immediate access to capital from property sales to fund our capital expenditures.
- **Property investment.** We own and lease out certain properties that we have developed, which provide us with long-term returns through on-going recurring rental income and capital appreciation.
- **Project operation and management.** We provide operation and management services, which we usually provide under 10 to 20 year exclusive operation and management agreements with most of our property purchasers, allowing us to receive income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years and then 8% to 10% of the rental value for the remaining years.

As of the February 28, 2013, we had a total of 11 specialized wholesale markets (including 23 project phases) and 14 multi-functional commercial complexes (including 17 project phases), at different stage of development with total planned GFA of 7.3 million sq.m. in six rapidly developing provinces across China. We have 12 projects (including 19 project phases) in the Yangtze River Delta Area. Our projects include:

- **Completed projects.** We have completed eight project phases with a total GFA of approximately 1.2 million sq.m., including four specialized wholesale markets, Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城), Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城), Dali Wuzhou International Trade City (大理五洲國際商貿城) and Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城), and four multi-functional commercial complexes, Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場), Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城), Meicun Wuzhou International Plaza (梅村五洲國際廣場) and Yangjian Wuzhou International Plaza (羊尖五洲國際廣場).
- **Projects under development.** We have 17 project phases under development in Wuxi (無錫), Chongqing (重慶), Hangzhou (杭州), Nantong (南通), Yancheng (鹽城), Dali (大理), Jianhu (建湖), Xuyi (盱眙), Leling (樂陵) and Xiangyang (襄陽) with a total planned GFA of approximately 2.0 million sq.m., including approximately 0.9 million sq.m., or 45.0%, reserved for specialized wholesale markets and approximately 1.1 million sq.m., or 55.0%, reserved for multi-functional commercial complexes.

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- **Projects planned for future development.** We have 15 project phases planned for future development in 12 cities, with a total estimated GFA of approximately 4.1 million sq.m., including approximately 2.9 million sq.m., or 70.7%, reserved for specialized wholesale markets and 1.2 million sq.m., or 29.3%, reserved for multi-functional commercial complexes.

In 2010, 2011 and 2012, our revenue amounted to RMB875.8 million, RMB1,515.8 million and RMB2,253.2 million, respectively. Our profit after tax in 2010, 2011 and 2012 amounted to RMB289.7 million, RMB373.3 million and RMB753.9 million, respectively.

BASIS OF PRESENTATION

We underwent the Reorganization in anticipation of the [●]. We account for the Reorganization using merger accounting, since (i) our Reorganization involved companies under common control and (ii) our company and combined subsidiaries resulting from the Reorganization are regarded as a continuing group. As such, our financial statements present our results of operations, cash flows and financial position as if our current group structure had been in existence since the later of (i) the date of the relevant entity’s establishment or acquisition and (ii) January 1, 2009. All intra-group transaction balances have been eliminated on combination.

In accordance with IFRSs, we have prepared our consolidated financial statements under the historical cost convention, as modified by the revaluation of investment properties and equity investments at their fair values.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We derive our revenue primarily from the sale of properties and renting our investment properties. During the Track Record Period, our results of operations have been most significantly affected by the following factors:

- Economic growth in the Yangtze River Delta Area and other areas in China;
- GFAs, selling prices and rental rates of our properties;
- Proportion of properties held for sale;
- Fair value of our investment properties;
- Availability, suitability and cost of land;
- Local and national real estate regulation; and
- Access to and cost of financing.

Economic Growth in the Yangtze River Delta Area and other areas in China

Economic growth in China has increased the demand for industrial products and consumer products, and the corresponding demand for properties, including specialized wholesale markets and multi-functional commercial complexes. From 2005 to 2012, China’s GDP grew at a CAGR of approximately 15.9%, and Jiangsu Province’s GDP grew at a CAGR of approximately 16.5%. During the Track Record Period, we have experienced growing demand for our properties and increasing rental income and property values. Our business has benefited and is expected to continue to benefit from the rapid economic growth in China, the accelerating urbanization process, the significant growth in demand for consumer products in the Yangtze River Delta Area, as well as the PRC government’s recent initiatives to increase domestic consumption.

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Our continued growth depends on the growth of China’s small and medium-sized enterprises. We market our properties to the increasingly visible small and medium-sized enterprises in fast-growing cities that have established an increasing presence in China. According to the Ministry of Industry and Information Technology (工业和信息化部), the number of small and medium-sized enterprises (including microenterprises) in China is expected to grow steadily for the next five years at an annual rate of approximately 8%. We also target wealthy residents in urban and rural areas in China.

Our continued growth also depends on economic growth in China, particularly in the Yangtze River Delta Area, where a substantial portion of our operations is located and a substantial portion of our growth is expected to occur. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects”. We are also especially sensitive to changes in the economic conditions, consumer confidence, consumer spending, and customer preferences of the urban Chinese population.

Any economic downturn in China, particularly in the regions where we operate, could adversely affect our business, results of operations and financial position. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — Our business and revenue growth depend on favorable economic conditions in China, especially in the Yangtze River Delta Area, where a substantial portion of our operations is located”.

GFAs, Selling Prices and Rental Rates of Our Properties

Our results of operations may fluctuate significantly from period to period depending on the GFA delivered during the period. We recognize revenue from the sale of completed properties upon delivery to our customers. As the development and construction schedules of our projects are not spread evenly over time, our results of operations may differ significantly from time to time. If there is any delay in the delivery of our properties for any reason, many of which are beyond our control, our results of operations during the period could be materially and adversely affected. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may not be able to complete our projects under development, or commence or complete our properties planned for future development on time or within budget”.

Our revenue and results of operations are also affected by the selling prices achieved during the pre-sale periods. Our average selling price per sq.m. in 2010, 2011 and 2012 was RMB7,172.5, RMB8,741.5 and RMB8,399.5, respectively. Our average selling prices per sq.m. are affected by a number of factors, including the project type, location and completion status of the overall development. For example, the average selling prices of our multi-functional commercial complexes are higher than those of specialized wholesale markets. Please refer to the section headed “Our Industry — Real Estate Market in the PRC”. In addition, we usually command higher selling prices for units when the overall project moves closer to completion. The selling prices of our properties are also affected by factors beyond our control, including local supply and demand of commercial properties, local market values of commercial properties, competition, general economic conditions and other market conditions. The selling prices of our properties were not materially affected by the austerity measures imposed by the PRC government during the Track Record Period as those measures are primarily targeting the residential property market. For example, we started the pre-sale of Phases I, II and III of our Chinese Food Culture Exposition City in December 2009, August 2010 and June 2012, respectively, and achieved average selling price per sq.m. of RMB19,103, RMB20,307 and RMB22,186, respectively. Similarly, we started the pre-sale of the Phases I and II of Dali Wuzhou International Trade City in July 2011 and October 2012, respectively, and achieved average selling price per sq.m. of RMB7,224 and RMB8,969, respectively.

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Our revenue in any given period may vary significantly depending on the rental rates of our properties in our target markets. The rental rates of our properties are affected by a number of factors, including the overall attractiveness of our projects, local supply and demand of commercial properties and market rental rates of commercial properties in the local market.

Proportion of Properties Held for Sale

Although we have derived, and expect to continue to derive, a majority of our revenue from the sale of properties, we retain a certain portion of our properties as investment properties to enjoy the recurring rental income and/or capital appreciation. Currently, our units of specialized wholesale market are primarily held for sale, and our properties for anchor stores in our multi-functional commercial complexes are primarily investment properties. We may gradually increase the proportion of the GFA we develop as investment properties, taking into account our cash flow requirements and market conditions. As a result, the proportion of properties held for sale will be reduced accordingly and our revenue, cash flows and gross profit margin may be affected in a certain period.

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. In 2010, 2011 and 2012, we had fair value gains on our investment properties of RMB37.7 million, RMB233.2 million and RMB577.5 million, respectively. 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 — The change in the fair value of our investment properties may have a significant impact on our results of operations.”

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. We currently plan to build up sufficient land reserves to satisfy our development requirement for the next two or three years on a rolling basis. There is a limited supply of suitable land available for development in Wuxi and other regions we intend to expand to. Further, the costs of acquiring land use rights in many such regions have increased in recent years. Land acquisition costs have been one of the largest components of our cost of sales.

In 2010, 2011 and 2012, our land acquisition costs amounted to RMB121.0 million, RMB140.4 million and RMB227.6 million, respectively, representing 24.9%, 18.1% and 21.6% of our costs 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 identify suitable sites or obtain the land use rights for our development projects at reasonable prices, or at all”.

Local and National Real Estate Regulation

Regulations and policies on real estate industry, including tax policies, land grant policies, pre-sale policies, interest rate and other macro-economic policies, have had and will continue to have a direct impact on our business and results of operations. The PRC government implemented a series of measures aimed at cooling the residential market in the past two years. While we focus on the

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commercial real estate market, which continues to grow steadily in spite of the PRC government’s attempts to cool the residential market, the PRC government may implement policies that materially and adversely affect our business, results of operations and profitability. Please refer to the section headed “Risk Factors — Risks Relating to the PRC — Our operations are extensively regulated, and particularly sensitive to changes in policies related to the real estate industry in China”. On February 26, 2013, the State Council General Office of the PRC 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. For more details on this notice, please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix V to this document. We do not expect that such measures will have a material negative impact on our operations as they mainly target the residential property market, in particular the secondary residential property market.

In addition, we depend on cash flows from the pre-sale of properties for our property developments. In 2010, 2011 and 2012, our cash flows from pre-sales amounted to RMB1,239.0 million, RMB1,854.0 million and RMB2,579.1 million, respectively. If the PRC government abolishes the practice of pre-selling uncompleted properties or implements other restrictions on property pre-sales, our cash flow position will be significantly and adversely affected and we will be required to seek alternative sources of funding to finance our project developments.

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, 2010, 2011 and 2012, our outstanding bank loans and other borrowings amounted to RMB322.0 million, RMB1,223.3 million and RMB2,399.6 million, respectively. The effective interest rates of our bank loans and other borrowings in 2010, 2011 and 2012 were within the range of 5.67% to 7.04%, 6.75% to 16.00% and 6.55% to 16.80%, 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 Property Industry in the PRC — Our funding capability may be affected by PRC government actions and policies”.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies which involve subjective assumptions and estimates as well as complex judgments relating to certain accounting items. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial statements. The estimates and associated assumptions are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. Our significant accounting policies are set forth in detail in the Accountants’ Report attached as Appendix I to this document.

Revenue Recognition

Our revenue comprises income from the sale of properties, rental income, commercial management service income, property management service income and commissions from concessionaire sales after deduction of allowances for returns and trade discounts.

Revenue from the sale of properties is recognized (i) when the significant risks and rewards of ownership of the properties have been transferred to the purchasers; (ii) neither continuing managerial

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involvement to the degree usually associated with ownership, nor effective control over the properties, is retained; (iii) the economic benefits will flow to us and (iv) the revenue and the cost incurred or to be incurred in relation to 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 the purchasers. Revenue from the sale of properties excludes business tax or allowances for returns, and is after the deduction of any trade discounts. Deposits and installments received in respect of properties sold prior to the date of revenue recognition are included in the statements of financial position under current liabilities.

Rental income is recognized in the period in which the investment properties are leased and on a time proportion basis over the lease term.

Commercial management service income is recognized over the period in which the services are rendered and the inflow of economic benefit is probable. We recognize commercial management service income and related service fees over the period in which the services are rendered. The amount of commercial management service income can be measured reliably after we have entered into the lease agreements with tenants, and confirmed the amount of rents and the payment terms, since the management service income represents a certain percentage of the rent. In addition, the inflow of economic benefit is only probable when we entered into lease agreements with tenants, and thus revenue is recognized accordingly.

Commissions from concessionaire sales are recognized upon the sale of goods by the relevant stores.

Other service income is recognized when the services are provided.

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 comprises land acquisition costs, construction costs, capitalized interest and other costs directly attributable to such properties incurred during the development period. Cost of completed properties held for sale is determined by an apportionment of the total costs of the land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Investment Properties

Investment properties include both completed investment properties and investment properties under development. Completed investment properties are land and buildings held to earn rental income and/or for capital appreciation, but not for our own occupation or for sale in the ordinary course of business. Investment properties under development or development for future use as investment properties are classified as investment properties under development. Completed investment properties and investment properties under development are measured initially at cost and, subsequent to the initial recognition, they are stated at fair value, which reflects market conditions as of each reporting date. Any gain or loss arising from the retirement or disposal of our investment properties is recognized in our consolidated statements of comprehensive income in the period in which they arise.

Income Tax

Income tax for the year comprises current tax and deferred tax.

Current tax assets and liabilities are the expected tax receivable and tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, taking into account prevailing interpretations and practices. Current tax includes EIT and LAT.

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According to the Provisional Regulations of the PRC on LAT (《土地增值税暂行条例》) and the Detailed Implementation Rules on the Provisional Regulations on LAT of the PRC (《土地增值税暂行条例实施细则》), 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. In lieu of progressive rates, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan and Dali Wuzhou were subject to an LAT of 3% to 8.34% of their revenue in accordance with "Wuxi Tax Circular (錫地稅函)" No. (2009) 46 and No. 1 (2010) 1 Announcement of Dali tax bureau. 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 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 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 substantively enacted by the end of the reporting period.

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS

Revenue

We derived our revenue during the Track Record Period primarily from (i) the property development segment, generating income from the development and sale of properties; (ii) the property management and investment segment, generating income from providing operation and management services, and from investing in properties for rental income and/or capital appreciation; and (iii) the others segment, generating income from lending to customers and operating a department store.

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

	For the year ended December 31,					
	2010		2011		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except percentages)					
Sale of properties	815,605	93.1	1,380,087	91.0	2,126,322	94.4
Rental income	12,168	1.4	24,277	1.6	30,749	1.4
Commercial management service income	39,673	4.5	71,487	4.7	68,290	3.0
Property management income	2,632	0.3	7,906	0.5	10,743	0.5
Commissions from concessionaire sales	—	—	1,207	0.1	6,035	0.2
Others	5,716	0.7	30,805	2.1	11,101	0.5
Total Revenue	875,794	100	1,515,769	100	2,253,240	100

We derive our revenue primarily from the sale of properties we developed. In 2010, 2011 and 2012, revenue from the sale of properties accounted for 93.1%, 91.0% and 94.4% of our total revenue, respectively.

For the year ended December 31,

Specialized wholesale markets

Wuxi Wuzhou International Chinese Food Culture Exposition City	—	17,205.5	18,498.1	318,271.9	159.5	42,745.1	6,819.1
Wuxi Wuzhou International Columbus Plaza	—	302.8	19,846.2	6,009.0	9,283.7	21,039.2	195,322.8
Meicun Wuzhou International Plaza	—	—	—	—	15,228.8	23,042.5	350,910.1
Yangjian Wuzhou International Plaza	—	—	—	—	9,191.2	9,791.5	89,995.8
Sub-total/Average	—	17,508.3	18,521.4	324,280.9	33,863.3	18,989.5	643,047.8
Total/Average	113,712.5	815,605.7	157,877.3	1,380,087.9	253,150.2	8,399.5	2,126,322.1

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In 2010, 2011 and 2012, revenue from rental income accounted for 1.4%, 1.6% and 1.4% of our total revenue, respectively. Our rental income increased primarily as a result of an increase in the GFA of our investment properties that was rented to our customers.

The following table sets forth a breakdown of our revenue from rental income by project for the periods indicated:

	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	7,061	7,078	6,949
Wuxi Wuzhou International Ornamental City (Phase II)	3,502	4,874	5,500
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	326
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	1,605	3,425	1,524
Wuxi Wuzhou International Columbus Plaza (Phase I)	—	8,900	8,896
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	1,537
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	1,439
Meicun Wuzhou International Plaza	—	—	4,578
Total	12,168	24,277	30,749

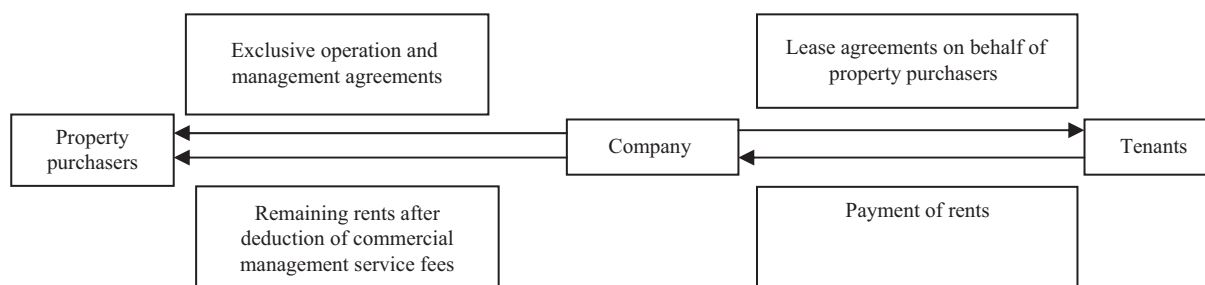
Commercial Management Service Income and Property Management Income

We generate commercial management service income from most purchasers of the retail units at our projects pursuant to our exclusive operation and management agreements. Under these agreements, which we enter into with the purchasers at the pre-sale stage, we typically receive commercial management service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years, which typically commence upon the opening for operation of the building where the property is located, and then 8% to 10% of the rental value for the remaining years. In practice, we collect rents directly from the tenants of the underlying properties, retain our commercial management service fees and remit the remainder, if any, to the purchasers. To attract tenants, we may offer selected tenants rent-free periods ranging from two to six months. We typically secure tenants for the vast majority of the purchasers prior to the commencement of the initial period. Since we charge commercial management service fees based on the rental value of the underlying properties, we will not be able to receive any commercial management service fees in the event we are unable to lease out the underlying properties. Global Law Office, our PRC legal adviser, is of the opinion that such exclusive operation and management agreements that are in effect are legally binding.

During the Track Record Period, we entered into exclusive operation and management agreements with approximately 8,088 purchasers of our properties. We entered into 10,223, 13,621 and 18,358 exclusive operation and management agreements with purchasers as of December 31, 2010, 2011 and 2012, respectively. As of February 28, 2013, 98.7% of the purchasers of our retail shops entered into exclusive operation and management agreements with us. We plan to enter into similar agreements with purchasers of our properties for future sales.

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The following diagram summarizes the commercial arrangements under such exclusive operation and management agreements:



Benefits for purchasers to enter into exclusive operation and management agreements with us

We believe that exclusive operation and management arrangements are appealing to potential purchasers, in particular affluent individuals:

- by allowing them to enjoy the long-term returns from rental income after the initial period, without the hassle and expenses of identifying and dealing with tenants, taking into consideration limited investment channels available in China; and
- as demonstrated by our proven track record, by allowing them to enjoy increased capital appreciation because the exclusive operation and management arrangements enable us to effectively manage and control the leasing for our projects on behalf of the purchasers, professionally plan the layout of the properties and thus enhance the attractiveness and investment value of our projects.

In addition, if any purchasers decide not to enter into exclusive operation and management agreements with us at the time of purchasing the properties, they may not be able to enter into such agreements with us on similar terms or at all going forward.

According to Savills, exclusive operation and management arrangements are one of the common practices in retail property and wholesale market sectors, particularly those that are sold on a strata-title basis.

Services provided by us under exclusive operation and management agreements

Under the exclusive operation and management agreements, we manage and control the leasing of the retail shops, including negotiating and entering into lease agreements with third-party tenants on behalf of the purchasers. In addition, we provide a wide range of value-added services, including organizing trade exhibitions and seasonal sales events to promote sales, and providing billboard advertising space and logistics support to address the needs of our occupants.

Through centralized leasing and representing our purchasers in lease negotiations, we believe we are able to cost-effectively secure tenants, leveraging our commercial leasing experience and broad tenant base. The centralized leasing control allows us to adjust tenant mix and layout to optimize visitor experience, thereby increasing rental yield. In addition, by centralizing leasing control, we are able to consolidate the floor area from several retail units and lease out to tenants that require large space for their operations, which otherwise would not be possible for individual purchasers given their limited floor areas.

Based on the above, our exclusive operation and management arrangements have a proven track record of attracting broad support and recognition from purchasers of our properties.

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Rationale for the two-tier commercial management service fee arrangement

For the initial period of our new projects,

- we utilize our commercial leasing experience and broad tenant base in dealing with tenants to cost-effectively identify and secure suitable tenants for the relevant properties;
- we centralize the management and control of the leasing for our projects to adjust tenant mix;
- we professionally plan the layout of the properties to optimize visitor experience; and
- we incur significant expenses in conducting advertising and promotional activities to enhance the attractiveness of the new projects and secure tenants.

During this period, we typically charge commercial management service fees equivalent to the entire rental value of the underlying properties in order for us to quickly and efficiently establish the profile, market position and reputation for the new projects. Rental value is calculated based on the actual rents to be paid by the tenants of the properties.

After the initial period, as we have successfully established the profile and reputation for a project through the early years of operations, costs and efforts required to maintain the occupancy rate of the project will be significantly reduced and the occupancy rates and rental rates will increase as compared to the initial period. Therefore, for the remaining years of the exclusive operation and management agreements, we typically charge 8% to 10% of the rental value of the underlying properties for our continuous commercial management services. However, the lease terms of the underlying properties during the initial periods are not materially different from those during the remaining periods.

As of December 31, 2012, due to the various operational stages of our projects, we charged commercial service income at reduced rates of 8% to 10% of the rental value of the underlying properties of Wuxi Wuzhou International Ornamental City (Phase I and II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I), and charged commercial service income equivalent to the entire rental value of all other properties under the exclusive operation and management agreements.

Other material terms of exclusive operation and management agreements

- Terms: 90.8% of these exclusive operation and management agreements have a term of 10 to 20 years.
- Termination: most of such exclusive operation and management agreements may be terminated by mutual consent. If any purchasers choose to terminate an exclusive operation and management agreement before its expiry, they will be required to pay us liquidated damages equal to 50% of the total rental value for the remaining term of the agreements and the remaining rental value shall be calculated at an annual rental rate equal to 8% of the original purchase price of the underlying property. For example, if a purchaser who has purchased a retail shop from us for a price of RMB10 million and entered into an exclusive operation and management agreement with us for a term of 20 years decides to terminate the exclusive operation and management agreement at the beginning of the eleventh year, we will be entitled to liquidated damages of RMB4 million. Any termination of the exclusive operation and management agreements will not affect the underlying lease agreements. During the Track Record Period, we did not experience any termination of the exclusive operation and management agreements.

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- Transfer restrictions: during the term of the exclusive operation and management agreements, the purchasers are not allowed to sell the underlying properties unless the subsequent purchasers agree to enter into operation and management agreements with us to assume all obligations of the prior purchasers thereunder.
- The exclusive operation and management agreements do not provide for credit terms, indemnity, fee adjustments or penalty charges.

Purchasers of our properties are not obligated to enter into separate exclusive operation and management agreements with us and generally we do not offer any discount to purchasers of our properties as a result of their entering into exclusive operation and management agreements with us. The selling prices of the properties managed and operated by us were comparable to those sold to other purchasers who do not enter into exclusive operation and management agreements with us. We entered into the exclusive operation and management agreements with purchasers through arm’s length negotiations.

Except as disclosed under “— Discussion of Certain Statement of Financial Position Items — Completed Properties Held for Sale”, we have not entered into any exclusive operation and management agreements that allow the purchasers to sell back the properties to us.

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The following table sets forth certain information of the leases of properties managed under the exclusive operation and management agreements:

Project Phase	Total amount of rent from third party tenants			GFA held for lease		Average monthly rent rate*			Average lease term with third party tenants	
	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012	As of December 31, 2010	As of December 31, 2011	As of December 31, 2012	For the year ended December 31, 2010	For the year ended December 31, 2011		For the year ended December 31, 2012
	(RMB in thousands)			(sq.m.)		(RMB per sq.m.)			(year)	
Wuxi Wuzhou International Ornamental City (Phase I)	8,882.1	9,689.8	3,222.9	94,050.0	94,050.0	94,050.0	7.9	9.6	2.9	1.0
Wuxi Wuzhou International Ornamental City (Phase II)	17,395.7	20,663.2	13,068.0	74,375.0	74,411.0	74,411.0	19.5	23.1	14.6	2.4
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	10,866	12,632.0	11,001.0	81,470.0	81,504.0	81,563.0	11.1	12.9	11.2	1.7
Wuxi Wuzhou International Industrial Exhibition City (Phase I Exhibition Hall A)	—	—	1,635.0	—	—	11,466.0	—	—	47.5	3.0
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	2,528.9	10,494.0	11,203.0	79,864.0	79,864.0	79,864.0	10.6	10.9	11.7	3.0
Wuxi Wuzhou International Columbus Plaza (Phase I)	—	14,786.4	14,447.6	—	26,150.0	26,202.0	—	47.1	46.0	5.5
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	4,677.0	—	—	5,557.0	—	—	70.1	3.8
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	3,221.1	3,083.0	—	16,992.0	16,992.0	—	15.8	15.1	6.2
Meicun Wuzhou International Plaza ..	—	—	4,926.5	—	—	13,005.0	—	—	63.1	5.1
Dali Wuzhou International Trade City	—	—	1,026.0	—	—	63,430.0	—	—	16.2	3.1
Total	39,672.7	71,486.6	68,290.0	329,759.0	372,971.0	466,540.0				

Note:

* Calculated based on the number of months during which the underlying property was leased in the given period.

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We generate property management income by collecting property management service fees for providing general property management services, such as security, property maintenance, gardening and other ancillary services. Property management service fees are charged on a per sq.m. basis and may be adjusted from time to time at our discretion based on the rates charged by local operators. We waive property management service fees from some of our tenants and occupiers for the first year on a project-by-project basis after the project is open for operation.

The increases in commercial management service income from 2010 to 2011 and property management income from 2010 to 2012 were primarily due to an increase in the GFA of the properties operated and managed by us, as a result of an increase in sales of our properties. Our commercial management service income is also affected by the development stage of the projects as we typically receive commercial management service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years, compared to 8% to 10% of the rental value for the remaining years. For example, properties in Wuzhou International Ornamental City (Phase I) and Wuzhou International Ornamental City (Phase II) had been managed and operated by us for three years as of March 2010 and March 2012, respectively, after which we receive a reduced portion of the rental value for the remaining years of the exclusive operation and management agreements. In addition, we may not be able to generate significant commercial management service income in the year when the properties are delivered. For example, properties in Phases I and II of Wuxi Wuzhou International Chinese Food Culture Exposition City were delivered in 2011, for which we recognized revenue of RMB318.3 million in 2011. However, for commercial projects, there is a time lapse between property delivery and commencement of operations of a project. In this case, this project did not generate significant commercial management service income until late 2011 because (i) Phases I and II of this project commenced operations in May 2011 and September 2011, respectively, and (ii) commercial management service income was only generated after we entered into lease agreements with tenants and confirmed rental rates. The decrease in our commercial management service income from 2011 to 2012 was primarily because Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I) started to generate commercial management service income at reduced rates of 8% to 10% of the rental value of the underlying properties in 2012, as these projects had completed the initial period and we were no longer be entitled to receive the entire rental value from these projects.

In 2010, 2011 and 2012, our rental income, commercial management service income and property management income collectively amounted to RMB54.5 million, RMB103.7 million and RMB109.8 million, respectively.

Commissions from concessionaire sales and others

During the Track Record Period, we also generated a small portion of revenue from commissions from concessionaire sales by our Wuxi Longan department store, which commenced operations in October 2011, and income from the lending activities by Wuxi Small Credit. Such lending activities were suspended since the disposal of Wuxi Small Credit in March 2012. To focus on our core businesses, in February, 2012, we entered into agreements with Wuxi Wuzhou Investment, Shu Cezhang, our head of operations, and two independent third parties, Wuxi Quanyi Construction Materials Co., Ltd. (無錫市全意建材有限公司) and Wuxi Hongnuo Commerce Co., Ltd. (無錫宏諾商貿有限公司), to transfer our equity interest in Wuxi Small Credit for total cash consideration of RMB140.0 million. The transfer did not complete until March 2012 and, therefore, resulted in a one-time expense of RMB6.9 million, representing the difference between the consideration for the equity transfer and the carrying amount of our investment in Wuxi Small Credit at the date of disposal. After the completion of the equity transfer, Wuxi Small Credit continued to be engaged in the financing business for rural residents and, pursuant to the equity transfer agreement, we will not be held liable for any loss or liability incurred or to be incurred by Wuxi Small Credit. Global Law Office, our PRC legal adviser, has confirmed that the lending activities conducted through Wuxi Small Credit during the Track Record Period were in compliance with the relevant PRC laws and regulations, including the *Guidance Opinion on Small Credit Companies* (關於小額貸款公司試點的指導意見) issued by CBRC and

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PBOC in 2008, *Circular on Certain Policies of Rural Banks, Credit Companies, Rural Fund Credit Unions and Small Credit Companies* (關於村鎮銀行、貸款公司、農村資金互助社、小額貸款公司有關政策的通知) issued by the CBRC and PBOC in 2008 and several circulars issued by the Jiangsu government.

Cost of Sales

Our cost of sales primarily includes costs incurred directly for our property development, including land acquisition costs, construction costs and capitalized interest. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	Amount	% of cost of sales	Amount	% of cost of sales	Amount	% of cost of sales
	(RMB in thousands, except percentages)					
Land acquisition costs	121,036.6	24.9	140,389.1	18.1	227,584.8	21.6
Specialized wholesale markets	121,036.6	24.9	100,414.2	12.9	121,223.1	11.5
Multi-functional commercial complexes	—	—	39,974.9	5.2	106,361.7	10.1
Construction costs	337,256.7	69.4	574,659.2	74.0	751,058.1	71.4
Capitalized interest	8,192.7	1.7	19,627.3	2.5	15,537.8	1.5
Cost of properties sold	466,486.0	96.0	734,675.6	94.6	994,180.7	94.5
Other costs	19,283.0	4.0	41,611.4	5.4	58,193.3	5.5
Total	485,769.0	100	776,287.0	100	1,052,374.0	100

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The following table sets forth a breakdown of cost of properties sold, both in aggregate and on a per sq.m. basis, by project phase during the Track Record Period:

Project phase	GFA sold and delivered (sq.m.)	Cost of properties sold	Land acquisition costs (RMB in thousands)	Construction costs (RMB in thousands)	Capitalized interest	Cost of properties sold per sq.m.	Land acquisition costs per sq.m. (RMB in thousands/sq.m.)	Construction costs per sq.m.	Capitalized interest per sq.m.
For the year ended December 31, 2010									
Wuxi Wuzhou International Ornamental City (Phase I)	767.8	2,268.8	438.1	1,812.0	18.6	3.0	0.6	2.4	0.0
Wuxi Wuzhou International Ornamental City (Phase II)	32,700.7	111,907.7	9,833.0	95,894.9	6,179.9	3.4	0.3	2.9	0.2
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	80,244.0	352,309.5	110,765.5	239,549.8	1,994.2	4.4	1.4	3.0	0.0
Total	113,712.5	466,486.0	121,036.6	337,256.7	8,192.7				
For the year ended December 31, 2011									
Wuxi Wuzhou International Ornamental City (Phase I)	1,904.5	5,627.8	1,086.9	4,494.7	46.2	3.0	0.6	2.4	0.0
Wuxi Wuzhou International Ornamental City (Phase II)	30,739.8	109,344.4	21,199.6	81,887.4	6,257.5	3.6	0.7	2.7	0.2
Wuxi Wuzhou International Ornamental City (Phase III)	32,640.3	164,567.3	17,581.8	141,236.3	5,749.2	5.0	0.5	4.3	0.2
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	41,402.3	162,343.7	18,357.9	141,734.8	2,251.0	3.9	0.4	3.4	0.1
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	33,682.1	143,266.6	42,188.0	101,078.6	—	4.3	1.3	3.0	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	11,083.0	91,118.3	23,875.6	67,242.8	—	8.2	2.2	6.1	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	6,122.5	54,047.7	15,672.5	33,083.9	5,291.3	8.8	2.6	5.4	0.9
Wuxi Wuzhou International Columbus Plaza (Phase I)	302.8	4,359.8	426.8	3,900.7	32.2	14.4	1.4	12.9	0.1
Total	157,877.3	734,675.6	140,389.1	574,659.2	19,627.4				

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Project phase	GFA sold and delivered (sq.m.)	Cost of properties sold	Land acquisition costs (RMB in thousands)	Construction costs (thousands)	Capitalized interest	Cost of properties sold per sq.m.	Land acquisition costs per sq.m. (RMB in thousands/sq.m.)	Construction costs per sq.m.	Capitalized interest per sq.m.
For the year ended December 31, 2012									
Wuxi Wuzhou International Ornamental City (Phase I)	33,984.8	102,104.6	19,719.6	81,547.2	837.8	3.0	0.6	2.4	0.0
Wuxi Wuzhou International Ornamental City (Phase II)	1,694.2	6,889.5	952.6	5,549.8	387.1	4.1	0.6	3.3	0.2
Wuxi Wuzhou International Ornamental City (Phase III)	418.9	4,641.1	495.8	4,064.6	80.7	11.1	1.2	9.7	0.2
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	823.5	3,379.8	579.7	2,712.2	87.9	4.1	0.7	3.3	0.1
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	89,501.3	352,973.4	70,632.2	282,341.2	—	3.9	0.8	3.2	—
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	33,944.6	133,150.2	10,927.8	120,530.3	1,692.1	3.9	0.3	3.6	0.0
Wuxi Wuzhou International Columbus Plaza (Phase I)	85.2	2,757.5	670.6	2,067.4	19.5	32.3	7.9	24.3	0.2
Wuxi Wuzhou International Columbus Plaza (Phase II)	9,198.5	81,728.2	29,725.1	46,461.2	5,541.9	8.9	3.2	5.1	0.6
Wuxi Wuzhou International Chinese Food Culture Exposition City	159.5	1,424.9	408.4	931.5	85.0	8.9	2.6	5.8	0.5
Meicun Wuzhou International Plaza	15,228.9	123,276.4	41,539.2	78,661.1	3,076.1	8.1	2.7	5.2	0.2
Dali Wuzhou International Trade City	58,919.6	111,224.3	17,915.3	91,392.9	1,916.1	1.9	0.3	1.6	0.0
Yangjian Wuzhou International Plaza	9,191.2	70,630.8	34,018.5	34,798.7	1,813.6	7.7	3.7	3.8	0.2
Total	253,150.2	994,180.7	227,584.8	751,058.1	15,537.8				

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Land acquisition costs. Land acquisition costs primarily include payments to the competent land bureaus or government authorities for the right to occupy, use and 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. In 2010, 2011 and 2012, our land acquisition costs represented 24.9%, 18.1% and 21.6% of our cost of sales, respectively.

Construction costs. 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.

Capitalized interest. 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.

Other costs. Other costs include costs relating to our property management income and rental income.

Gross Profit

Our gross profit was RMB390.0 million, RMB739.5 million and RMB1,200.9 million in 2010, 2011 and 2012, respectively, representing gross profit margins of 44.5%, 48.8%, and 53.3%, respectively.

For the year ended December 31,									
	2010			2011			2012		
	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 in thousands, except percentages)								
Specialized wholesale markets									
Wuxi Wuzhou International Ornamental City	257,972.4	114,176.5	55.7%	548,715.0	279,539.5	49.1%	191,798.5	113,635.2	40.8%
Wuxi Wuzhou International Industrial Exhibition City	557,633.3	352,309.5	36.8%	507,092.0	305,610.3	39.7%	935,742.8	489,503.5	47.7%
Dali Wuzhou International Trade City	—	—	—	—	—	—	355,733.0	111,224.3	68.7%
Sub-total/Average	815,605.7	466,486.0	42.8%	1,055,807.0	585,149.8	44.6%	1,483,274.3	714,362.9	51.8%
Multi-functional commercial complexes									
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	—	318,271.9	145,166.0	54.4%	6,819.1	1,424.9	79.1%
Wuxi Wuzhou International Columbus Plaza	—	—	—	6,009.0	4,359.8	27.5%	195,322.8	84,485.6	56.8%
Meicun Wuzhou International Plaza	—	—	—	—	—	—	350,910.1	123,276.4	64.9%
Yangjian Wuzhou International Plaza	—	—	—	—	—	—	89,995.8	70,630.9	21.5%
Sub-total/Average	—	—	—	324,280.9	149,525.8	53.9%	643,047.8	279,817.8	56.5%
Total/Average	815,605.7	466,486.0	42.8%	1,380,087.9	734,675.6	46.8%	2,126,322.1	994,180.7	53.2%

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Gross profit margins of specialized wholesale markets varied during the Track Record Period, primarily because there were various types of properties in one specialized wholesale market, including retail shops, exhibition halls, street shops and business apartments. Generally, gross profit margins of retail shops are higher than those of business apartments and gross profit margins of exhibition halls are the highest among all types of properties. The Gross profit margin may fluctuate depending on the sales combinations of different types of properties. In addition, within one project, gross profit margin of phase two or later is usually higher than that of phase one, and therefore the gross profit margin of a project may increase when its subsequent phases are developed.

The gross profit margin of Wuxi Wuzhou International Ornamental City decreased from 55.7% in 2010 to 49.1% in 2011, primarily because properties delivered in 2011 included business apartments, which commanded lower gross profit margin than retail shops. The gross profit margin of Wuxi Wuzhou International Ornamental City further decreased from 49.1% in 2011 to 40.8% because we only recognized revenue from properties sold with return clauses in 2012, when the right to sell back the properties to us had lapsed, based on selling prices set in 2007 which were generally lower than those of subsequent sales.

The gross profit margin of Wuxi Wuzhou International Industrial Exhibition City increased from 36.8% in 2010 to 39.7% in 2011 and to 47.7% in 2012, primarily due to the increases in the average selling price per sq.m.

The gross profit margin of Wuxi Wuzhou International Chinese Food Culture Exposition City increased from 54.4% in 2011 to 79.1% in 2012, primarily because we commanded higher prices for the properties delivered in 2012 due to their premier locations within the project.

The gross profit margin of Wuxi Wuzhou International Columbus Plaza was 27.5% in 2011, compared to 56.8% in 2012, primarily because the cost of properties sold in 2011 had included the revaluation gain as a result of our business combination of Wuxi Longan in December 2010, whereas the cost of properties sold in 2012 did not include significant revaluation gain because such properties had been constructed after the business combination of Wuxi Longan.

Other Income and Gains

Our other income and gains primarily include subsidy income, interest income and a gain on the acquisition of a subsidiary. We received a subsidy from the local governments of RMB0.8 million, RMB1.4 million and RMB13.3 million in 2010, 2011 and 2012, respectively.

We had a one-time gain of RMB107.6 million, which was recorded under other income and gains, in 2010 in connection with the acquisition of a subsidiary. We acquired a 19.4% equity interest in Wuxi Longan from three independent third parties, who are friends of Shu Cecheng, in December 2010. We recorded a gain on the acquisition of a subsidiary reflecting (i) the difference of RMB75.0 million between the amount of our payment for the acquisition of a 19.4% equity interest in Wuxi Longan, and the fair value of the net assets of Wuxi Longan at the acquisition date, and (ii) a gain of RMB32.6 million from the remeasurement of the fair value of the 33.0% equity interest in Wuxi Longan previously acquired by us. The consideration for the 19.4% equity interest in Wuxi Longan was determined through arm's length negotiations with the three independent third parties, taking into account that they had enjoyed reasonable investment returns and decided to dispose of their interests when the development of the project had not come to the stage of delivery and revenue had not yet been recognized. The Directors confirmed that, other than this project, the Company does not have any past or present business relationships with such three independent third parties.

Selling and Distribution Costs

Our selling and distribution costs primarily include advertising and promotional expenses to promote the sales and rental of our properties, commissions to sales agents and compensation for our sales and marketing personnel. We focus our marketing efforts on the first phase of each project to establish the reputation and profile for the project and in turn incur higher advertising and

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promotional expenses during this phase of the project. We also incur higher advertising and promotional expenses when expanding into new cities. In addition, advertising and promotional expenses and commissions for the sale of properties are generally incurred during the pre-sale periods, and advertising and promotional expenses for our commercial management services are generally incurred in the initial periods. As a result, our selling and distribution costs may fluctuate from time to time.

We incurred higher selling and distribution costs in 2012, compared with 2010 and 2011, primarily due to an increase in the sale of properties.

The following table sets forth a breakdown of our selling and distribution costs for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except percentages)					
Advertising and promotional expenses	120,715	71.7	102,190	65.8	157,134	67.6
Commissions	19,230	15.2	26,915	17.3	40,996	17.6
Staff cost	9,423	5.6	14,742	9.5	22,030	9.5
Others	12,618	7.5	11,438	7.4	12,385	5.3
Total	161,986	100	155,285	100	232,545	100

Others in selling and distribution costs includes miscellaneous expenses, such as conference and travel expenses.

The following table sets forth a breakdown of our advertising and promotional expenses by project for the periods indicated:

Project	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City ⁽¹⁾	31,227	12,343	13,507
Wuxi Wuzhou International Industrial Exhibition City ⁽²⁾	66,790	8,022	8,291
Wuxi Wuzhou International Columbus Plaza	—	18,531	1,485
Wuxi Wuzhou International Chinese Food Culture Exposition City ⁽³⁾	12,373	7,845	11,200
Meicun Wuzhou International Plaza	380	6,812	2,892
Dali Wuzhou International Trade City	—	9,603	11,632
Jianhu Wuzhou International Trade City	—	1,152	15,572
Yancheng Wuzhou International Plaza	—	6,717	13,215
Wuxi New District Columbus Plaza	—	5,229	7,942
Rongchang Wuzhou Hardware Ornamental City	—	5,669	4,753
Huaian Wuzhou International Plaza	—	3,504	4,343
Luoshe Wuzhou Columbus Plaza	—	333	8,860
Nantong Wuzhou International Plaza	—	201	9,072
Xiangyang Wuzhou International Industrial Exhibition City	—	—	7,788
Other projects	9,945	16,229	36,582
Total	120,715	102,190	157,134

Notes:

- (1) Phase I, Phase II and Phase III of Wuxi Wuzhou International Ornamental City were pre-sold during the periods of 2006 to 2008, 2007 to 2009 and 2010 to 2011, respectively. We began pre-selling Phase IV of Wuxi Wuzhou International Ornamental City and incurred significant advertising and promotional expenses for this project phase, in 2012. We did not incur significant advertising and promotional expenses for Phase I and Phase II of Wuxi Wuzhou International Ornamental City in 2012.

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- (2) Phase I and Phase II of Wuxi Wuzhou International Industrial Exhibition City were pre-sold during the period of 2008 to 2010. We began pre-selling Product Exhibition Halls A and C of Wuxi Wuzhou International Industrial Exhibition City and incurred significant advertising and promotional expenses for this project phase, in 2012. We did not incur significant advertising and promotional expenses for Phase I of Wuxi Wuzhou International Industrial Exhibition City in 2012.
- (3) Phase I and Phase II of Wuxi Wuzhou International Chinese Food Culture Exposition City were pre-sold during the period of 2010 to 2011. We began pre-selling Phase III of Wuxi Wuzhou International Chinese Food Culture Exposition, and incurred significant advertising and promotional expenses for this project phase, in 2012.

Administrative Expenses

Our administrative expenses primarily include staff cost, entertainment expenses and conference fees, office expenses and professional fees. Changes in 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,					
	2010		2011		2012	
	RMB	% of total	RMB	% of total	RMB	% of total
	(RMB in thousands, except percentages)					
Staff cost	11,198	20.2	36,666	23.5	94,617	34.8
Entertainment expenses and conference fees	10,720	19.4	32,448	20.8	52,083	19.2
Office expenses	7,804	14.1	18,391	11.8	30,093	11.1
Professional fees	941	1.7	14,722	9.4	24,626	9.1
Traveling expenses	4,877	8.8	14,322	9.2	18,252	6.7
Depreciation and amortization	4,875	8.8	10,497	6.7	23,100	8.5
Tax and stamp duties of self-used properties	4,736	8.5	7,897	5.1	12,342	4.5
Cleaning and maintenance expenses	1,545	2.8	2,099	1.3	6,212	2.3
Miscellaneous	8,696	15.7	18,865	12.2	10,400	3.8
Total	55,392	100	155,907	100	271,725	100

Other Expenses

Other expenses primarily include provision for loan losses of Wuxi Small Credit, losses on transfer taxes and charitable donations. In 2010, we incurred a loss on transfer tax, including tax and levies paid based on the transfer price, of approximately RMB11.0 million as we sold a parcel of land, at cost, including pre-construction cost. The transfer tax comprised a business tax of 5%, surcharges of 0.55% and LAT of 3% of the transfer price. Prior to the transfer, this parcel of land was held by Wuxi Wuzhou International Industrial Exhibition City. Construction on this parcel of land had not commenced at the time of transfer and the transfer did not result in any disruption of the development of our projects. We were requested by the government to transfer this parcel of land to Wuxi Bonan, a property development company controlled by a government entity and in which we held a 20% equity interest, in order to build an office park for corporate headquarters. As this parcel of land is located adjacent to our Wuxi Wuzhou International Industrial Exhibition City, we believe this urban development plan will help us further establish the profile of our project despite the incurrence of such tax loss. In addition, we disposed of our equity interest in Wuxi Small Credit in March 2012 and incurred losses of RMB6.9 million.

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Fair Value Gain upon Transfer to Investment Properties

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 profit or 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 periods indicated:

Project	City	For the year ended December 31,			For the year ended December 31,		
		2010	2011	2012	2010	2011	2012
		GFA(sq.m.)			(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase II)	Wuxi	—	—	587	—	—	2,664
Wuxi Wuzhou International Ornamental City (Phase III)	Wuxi	—	—	1,323	—	—	4,827
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	Wuxi	9,628	—	—	17,731	—	—
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	Wuxi	—	—	17,935	—	—	249
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	Wuxi	—	—	21,279	—	—	43,020
Wuxi Wuzhou International Columbus Plaza (Phase II)	Wuxi	—	—	9,978	—	—	109,059
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	Wuxi	—	—	5,768	—	—	507
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	Wuxi	—	—	3,744	—	—	329
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	Wuxi	—	—	7,237	—	—	14,438
Meicun Wuzhou International Plaza	Wuxi	—	15,758	7,524	—	11,548	68,112
Hangzhou Wuzhou International Plaza	Hangzhou	—	17,778	—	—	1	—
Yancheng Wuzhou International Plaza	Yancheng	—	16,493	—	—	14,540	—
Huaian Wuzhou International Plaza	Xuyi	—	27,410	—	—	86,475	—
Dali Wuzhou International Trade City	Dali	—	—	61,898	—	—	145,549
Nantong Wuzhou International Plaza	Nantong	—	—	6,038	—	—	3,351
Total		9,628	77,439	143,311	17,731	112,564	392,105

In 2010, 2011 and 2012, we had fair value gain upon transfer to our investment properties of RMB17.7 million, RMB112.6 million and RMB392.1 million, respectively. These adjustments reflected unrealized capital gains on our investment properties, and did not generate cash. See “— Critical Accounting Policies — Investment Properties”.

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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 changes in the fair values of our investment properties are included in our consolidated statements of comprehensive income in the year in which they arise. Please refer to “Appendix III — Property Valuation” to this document for more details. The following table sets forth a breakdown of the change in fair value of investment properties by project for the periods indicated:

Project	City	For the year ended December 31,		
		2010	2011	2012
		(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	Wuxi	8,000	6,000	9,563
Wuxi Wuzhou International Ornamental City (Phase II)	Wuxi	12,000	20,500	35,000
Wuxi Wuzhou International Ornamental City (Phase IV)	Wuxi	—	—	55,234
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	Wuxi	—	3,000	2,700
Wuxi Wuzhou International Columbus Plaza (Phase I)	Wuxi	—	70,547	23,176
Wuxi Wuzhou International Columbus Plaza (Phase II)	Wuxi	—	3,688	3,671
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	Wuxi	—	18,733	1,816
Meicun Wuzhou International Plaza	Wuxi	—	—	4,775
Yangjian Wuzhou International Plaza	Wuxi	—	1,351	347
Wuxi New District Columbus Plaza	Wuxi	—	(3,165)	9,177
Hangzhou Wuzhou International Plaza	Hangzhou	—	—	795
Yancheng Wuzhou International Plaza	Yancheng	—	—	742
Huaian Wuzhou International Plaza	Xuyi	—	—	14,737
Luoshe Wuzhou Columbus Plaza	Wuxi	—	—	23,613
Total		20,000	120,654	185,346

In 2010, 2011 and 2012, we had change in fair value of investment properties of RMB20.0 million, RMB120.7 million and RMB185.3 million, respectively. These adjustments reflected unrealized capital gains on our investment properties, and did not generate cash. See “— Critical Accounting Policies — Investment Properties”.

Finance Costs

Our finance costs include interest expenses on bank loans and other borrowings less interest capitalized. We capitalize certain interest expenses based on the use of the underlying borrowings. Under IFRSs, borrowing 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.

During the Track Record Period, our borrowing costs represented an average interest rate of 7.61%, 12.26% and 10.44%, respectively. Our average interest rate was higher in 2011 because it reflected loan set-up fees of approximately RMB20.0 million, representing 3.0% to 4.5% of the principle amount of our loans with trust institutions. Such loan set-up fees were directly attributable to the construction of projects under development and therefore were capitalized as part of the cost of the qualifying assets.

Share of Profits and Losses of Associates

Our share of profits and losses of associates primarily include our shares of gains or losses from our associates. We recorded a profit of RMB109.6 million from Wuxi Longan in 2010, as Wuxi

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Wuzhou International Columbus Plaza (Phase I) completed construction in April 2010. We also recorded losses of RMB0.4 million and RMB2.1 million in 2010 and 2011, respectively, and profit of RMB6.0 million in 2012 from Wuxi Bonan, a property development company in which we held a 20% equity interest.

The following table sets forth a breakdown of our share of profits and losses of associates for the periods indicated:

<u>Associate</u>	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Bonan	(379)	(2,095)	6,005
Wuxi Longan	109,609	—	—
Wuxi Longhe	—	(258)	(989)
Total	109,230	(2,353)	5,016

Income Tax Expense

Our income tax expense comprises provisions for EIT, LAT and deferred tax. During the Track Record Period, the EIT for our PRC subsidiaries was 25%, except for Wuxi Small Credit, which was engaged in the financing business for rural residents and, therefore, entitled to a preferential corporate income tax rate of 12.5%. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Current tax			
PRC corporate income tax	29,207	161,716	290,549
LAT	36,575	123,668	196,872
Deferred tax	59,126	(11,276)	21,199
Total	124,908	274,108	508,620

According to the Provisional Regulations of the PRC on LAT (《土地增值税暂行条例》) and the Detailed Implementation Rules on the Provisional Regulations on LAT of the PRC (《土地增值税暂行条例实施细则》), 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. In lieu of progressive rates, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan and Dali Wuzhou were subject to an LAT of 3% to 8.34% of their revenue in accordance with “Wuxi Tax Circular (锡地税函)” No. (2009) 46 and No. 1 (2010) 1 Announcement of Dali tax bureau. Pursuant to “Wuxi Tax Circular”, which has been in effect since June 1, 2009, an LAT of 0.5%, 2.5%, 3% and 5% is applicable to ordinary residential properties with normal standards, other ordinary residential properties, commercial properties (such as offices, shops and resorts) and villas, respectively. Such reduced LAT rates are applied to all real property developers in Wuxi without any specific conditions or requirements. For our projects that applied the LAT rates pursuant to “Wuxi Tax Circular”, the relevant tax authorities have completed the final assessments of the projects and, therefore, any future amendment to “Wuxi Tax Circular” will not have any impact on our tax obligations with respect to these projects.

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 is deducted when the properties are delivered and

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revenue recognized. Pre-paid LAT is deducted at the time of the final assessment of the project. In 2010, 2011 and 2012, we made LAT provisions of RMB36.6 million, RMB123.7 million and RMB196.9 million, respectively.

We are not subject to any income tax for our company and subsidiaries incorporated in the Cayman Islands and British Virgin Islands. We did not incur Hong Kong profits tax during the Track Record Period.

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.

In 2010, 2011 and 2012, our deferred tax liabilities primarily included fair value adjustments arising from investment properties, fair value adjustments on acquisition date, a gain on business combination and withholding taxes on undistributed profits of our subsidiaries in the PRC. Deferred tax liabilities arising from fair value adjustments arising from investment properties was RMB82.9 million, RMB141.2 million and RMB285.6 million in 2010, 2011 and 2012, respectively. The increases in deferred tax liabilities from 2010 to 2011 and to 2012 were primarily due to increases in fair value adjustments arising from investment properties.

Our effective tax rate is affected by the statutory EIT rates, LAT, non-deductible expenses, profits and losses attributable to associates and withholding taxes on undistributed profits of our subsidiaries in the PRC. Our effective tax rate, representing tax charges, excluding the effect of LAT, divided by profit before tax, was 23.5%, 28.0% and 28.6% in 2010, 2011 and 2012, respectively. The lower effective tax rate in 2010 was primarily due to profits and losses attributable to associates of RMB109.6 million mainly from Wuxi Longan that was exempted from EIT. Under the EIT Law, a resident enterprise's income from equity investments in another resident enterprise is exempted from EIT and, therefore, our profit from investment in Wuxi Longan was exempted from EIT. The higher effective tax rates in 2011 and 2012 were due to increases in expenses, which were not tax deductible, and withholding taxes on undistributed profits of PRC subsidiaries. Under the Implementation Regulations, only 60% of the business entertainment expenses are deductible and such deductible amount may not exceed 0.5% of the revenue for the year. In 2011, Wuxi International Property, Hangzhou Longan, Yancheng Wuzhou and Rongchang Wuzhou incurred a significant amount of business entertainment expenses for project planning purposes, which were not deductible as these companies did not generate any revenue in 2011. In 2011 and 2012, we incurred non-deductible expenses of RMB9.2 million and RMB14.4 million, respectively. For real estate development companies in the PRC, EIT and LAT are prepaid based on certain percentages of presales proceeds. The increases in prepaid EIT and LAT from 2010 to 2012 were primarily due to an increase in advances from customers during the same period.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
	(RMB in thousands, except percentages)					
Revenue	875,794	100.0	1,515,769	100.0	2,253,240	100.0
Cost of sales	(485,769)	(55.5)	(776,287)	(51.2)	(1,052,374)	(46.7)
Gross profit	390,025	44.5	739,482	48.8	1,200,866	53.3
Other income and gains	110,879	12.7	7,514	0.5	25,309	1.1
Selling and distribution costs	(161,986)	(18.5)	(155,285)	(10.2)	(232,545)	(10.3)
Administrative expenses	(55,392)	(6.3)	(155,907)	(10.3)	(271,725)	(12.1)
Other expenses	(15,677)	(1.8)	(7,161)	(0.5)	(16,797)	(0.7)
Fair value gain upon transfer to investment properties	17,731	2.0	112,564	7.4	392,105	17.4
Change in fair value of investment properties	20,000	2.3	120,654	8.0	185,346	8.2
Finance costs	(177)	0.0	(12,132)	(0.8)	(25,071)	(1.1)
Share of (losses)/profits of Associates ...	109,230	12.5	(2,353)	(0.2)	5,016	0.2
Profit/(loss) before taxation	414,633	47.4	647,376	42.7	1,262,504	56.0
Income tax expense	(124,908)	(14.3)	(274,108)	(18.1)	(508,620)	(22.6)
Profit/(loss) after tax and total comprehensive income for the year/period	289,725	33.1	373,268	24.6	753,884	33.4
Attributable to:						
Owners of the parent	284,837	32.5	313,412	20.7	699,711	31.1
Non-controlling interests	4,888	0.6	59,856	3.9	54,173	2.3
	289,725	33.1	373,268	24.6	753,884	33.4

Year ended December 31, 2012 compared to year ended December 31, 2011.

Revenue

Our revenue was RMB2,253.2 million in 2012, compared with RMB1,515.8 million in 2011, representing an increase of RMB737.4 million, or 48.7%, primarily due to an increase in the sale of properties of RMB746.2 million.

Sale of properties

Our revenue generated from the sale of properties was RMB2,126.3 million in 2012, compared with RMB1,380.1 million in 2011, representing an increase of RMB746.2 million, or 54.1 %, primarily due to an increase in the GFA of properties sold.

The GFA of properties sold was 253,150 sq.m. in 2012, compared with 157,877 sq.m. in 2011, representing an increase of 95,273 sq.m., or 60.3%.

The average selling price per sq.m. was RMB8,399.5 in 2012, compared with RMB8,741.5 in 2011, representing a decrease of RMB342.0, or 3.9%, primarily due to the delivery of units in Dali Wuzhou International Trade City in Yunnan Province, where property prices are generally lower than Jiangsu Province. The decrease was also because we recognized revenue from properties sold with return clauses in 2012, when the right to sell back the properties to us had lapsed, based on selling prices set in 2007 which were generally lower than those of subsequent sales.

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Rental income

Our revenue generated from rental income was RMB30.7 million in 2012, compared with RMB24.3 million in 2011, representing an increase of RMB6.4 million, or 26.3%, primarily due to an increase in the total GFA rented which in turn was primarily due to the addition of GFA rented in Meicun Wuzhou International Plaza and Wuxi Wuzhou International Columbus Plaza (Phase II).

Commercial management service income

Our commercial management service income was RMB68.3 million in 2012, compared with RMB71.5 million in 2011, representing a decrease of RMB3.2 million, primarily because Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I) started to generate commercial management income at reduced rates of 8% to 10% of the rental value of the underlying properties in 2012, as these projects had completed the initial period and we would no longer be entitled to receive the entire rental value from these projects, which was partially offset by an increase in the GFA of the properties operated and managed by us under the exclusive operation and management agreements.

Property management income

Our property management income was RMB10.7 million in 2012, compared with RMB7.9 million in 2011, representing an increase of RMB2.8 million, primarily due to increases in the GFA of properties managed by us and property management fees on a per sq.m. basis we collected on our projects.

Commissions from concessionaire sales

Our revenue generated from commissions from concessionaire sales was RMB6.0 million in 2012, compared with RMB1.2 million in 2011, representing an increase of RMB4.8 million, due to an increase in the sale of goods by our Wuxi Longan department store, which commenced operations in October 2011.

Others

Our other income was RMB11.1 million in 2012, compared with RMB30.8 million in 2011, representing a decrease of RMB19.7 million, primarily due to the suspension of our lending activities through Wuxi Small Credit in March 2012, and we do not expect to generate such income in the future.

Cost of sales

Our cost of sales was RMB1,052.4 million in 2012, compared with RMB776.3 million in 2011, representing an increase of RMB276.1 million, or 35.6%. Our cost of properties sold was RMB994.2 million in 2012, compared with RMB734.7 million in 2011, representing an increase of RMB259.5 million, or 35.3%. The increase in cost of properties sold was primarily due to (i) an increase in construction costs of RMB176.4 million and (ii) an increase in land acquisition costs of RMB87.2 million. The increases in construction costs and land acquisition costs were primarily due to an increase in the GFA of the properties sold.

Gross profit

Our gross profit was RMB1,200.9 million in 2012, compared with RMB739.5 million in 2011, representing an increase of RMB461.4 million, or 62.4%. Our gross profit margin increased to 53.3% in 2012 from 48.8% in 2011, primarily due to higher selling prices and higher gross profit margins from the sale of units in Wuxi Wuzhou International Columbus Plaza (Phase II), Meicun Wuzhou International Plaza and Dali Wuzhou International Trade City in 2012.

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Other income and gains

Our other income and gains were RMB25.3 million in 2012, compared with RMB7.5 million in 2011, representing an increase of RMB17.8 million, primarily due to a subsidy of RMB6.5 million provided by the Rongchang county government and a late fee received from the local government of Luoshe Wuzhou Columbus Plaza of RMB4.8 million for failing to deliver the land to us on time.

Selling and distribution costs

Our selling and distribution costs were RMB232.5 million in 2012, compared with RMB155.3 million in 2011, representing an increase of RMB77.2 million, or 49.7%. Our advertising and promotional expenses increased from RMB102.2 million to RMB157.1 million and our commissions increased from RMB26.9 million to RMB41.0 million, due to an increase in the sale of properties.

Administrative expenses

Our administrative expenses were RMB271.7 million in 2012, compared with RMB155.9 million in 2011, representing an increase of RMB115.8 million, or 74.3%, primarily due to (i) a significant increase in staff cost resulting from the increase in the number of our administrative personnel from 540 as of December 31, 2011 to 800 as of December 31, 2012, (ii) increases in entertainment expenses and conference fees and miscellaneous expenses resulting from our business expansion, with an increase in the number of our subsidiaries from 29 as of December 31, 2011 to 51 as of December 31, 2012, and (iii) increases in professional fees and traveling expenses in preparation for [●].

Other expenses

Our other expenses were RMB16.8 million in 2012, compared with RMB7.2 million in 2011, representing an increase of RMB9.6 million, or 133.3%. The increase was primarily due to a one-time expense of RMB6.9 million related to the disposal of Wuxi Small Credit in March 2012 and charitable donations of RMB1.5 million. The loss of the disposal represents the difference between the consideration for this equity transfer and the carrying amount of our investment in Wuxi Small Credit at the date of disposal.

Fair value gain upon transfer to investment properties

Our fair value gain upon transfer to investment properties was RMB392.1 million in 2012, compared with RMB112.6 million in 2011, representing an increase of RMB279.5 million, primarily due to fair value gain upon transfer to investment properties of RMB145.5 million in Dali Wuzhou International Trade City and RMB109.1 million in Wuxi Wuzhou International Columbus Plaza (Phase II), as a result of certain units in these projects being leased out and transferred to investment properties in 2012.

Change in fair value of investment properties

Our change in fair value of investment properties was RMB185.3 million in 2012, compared with RMB120.7 million in 2011, representing an increase of RMB64.6 million.

Finance costs

Our finance costs were RMB25.1 million in 2012, compared with RMB12.1 million in 2011, representing an increase of RMB13.0 million, primarily due to an increase in the amount of our outstanding loans.

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Share of profits and losses of associates

Our share of profits of associates was RMB5.0 million in 2012, compared with our share of losses of RMB2.4 million in 2011. This change was primarily due to our share of profit of RMB6.0 million from Wuxi Bonan.

Income tax expense

Our income tax expenses were RMB508.6 million in 2012, compared with RMB274.1 million in 2011, representing an increase of RMB234.5 million. This increase was primarily due to an increase in pre-tax profit and an increase in LAT due to an increase in the sale of properties.

Profit after tax and total comprehensive income for the year

As a result of the foregoing, our profit was RMB753.9 million in 2012, compared with RMB373.3 million in 2011, representing an increase of RMB380.6 million, or 102.0%.

Year ended December 31, 2011 compared to year ended December 31, 2010.

Revenue

Our revenue was RMB1,515.8 million in 2011, compared with RMB875.8 million in 2010, representing an increase of RMB640.0 million, or 73.1%, primarily due to an increase in the sale of properties of RMB564.5 million.

Sale of properties

Our revenue generated from the sale of properties was RMB1,380.1 million in 2011, compared with RMB815.6 million in 2010, representing an increase of RMB564.5 million, or 69.2%, primarily due to increases in the GFA of properties sold and average selling price.

The GFA of properties sold was 157,877 sq.m. in 2011, compared with 113,713 sq.m. in 2010, representing an increase of 44,164 sq.m., or 38.8%.

Average selling price per sq.m. was RMB8,741.5 in 2011, compared with RMB7,172.5 in 2010, representing an increase of RMB1,569.0, or 21.9%, primarily because we commanded higher prices on a per sq.m. basis on units in Wuxi Wuzhou International Ornamental City (Phase III) and Wuxi Wuzhou International Industrial Exhibition City (Phase II) than those of units in Wuxi Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I), respectively as we had established a track record of developing, selling and operating the earlier phases of these projects and the overall development moved closer to completion. In addition, the average selling prices of multi-functional commercial complexes, such as Wuxi Wuzhou International Chinese Food Culture Exposition City, which started to recognize income in 2011, are higher than those of specialized wholesale markets.

Rental income

Our revenue generated from rental income was RMB24.3 million in 2011, compared with RMB12.2 million in 2010, representing an increase of RMB12.1 million, or 99.2%, primarily due to an increase in rental income of RMB8.9 million from Wuxi Wuzhou International Columbus Plaza (Phase I), which started to generate rental income in January 2011 as a result of our acquisition of a 19.4% equity interest in Wuxi Longan in December 2010. We acquired a 19.4% equity interest in Wuxi Longan from three independent third parties and started to consolidate the financial results of Wuxi Longan in December 2010. Wuxi Longan is our subsidiary that developed Wuxi Wuzhou International Columbus Plaza (Phase I).

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Commercial management service income

Our commercial management service income was RMB71.5 million in 2011, compared with RMB39.7 million in 2010, representing an increase of RMB31.8 million, or 80.1%, primarily because we generated commercial management service income of RMB14.8 million from Wuxi Wuzhou International Columbus Plaza (Phase I) and RMB3.2 million from Wuxi Wuzhou International Chinese Food Culture Exposition City. Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I) and Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II) commenced operations and started to generate commercial management service income in January 2011 and July 2011, respectively.

Property management income

Our property management income was RMB7.9 million in 2011, compared with RMB2.6 million in 2010, representing an increase of RMB5.3 million, or 203.8%, primarily because we collected property management service fees of RMB2.4 million from tenants of Wuxi Wuzhou International Columbus Plaza (Phase I) and RMB1.2 million from tenants of Wuxi Wuzhou International Chinese Food Culture Exposition City since 2011.

Commissions from concessionaire sales

Our revenue generated from commissions from concessionaire sales was RMB1.2 million in 2011, compared with nil in 2010, due to the sale of goods by our Wuxi Longan department store, which commenced operations in October 2011.

Others

Our other income was RMB30.8 million in 2011, compared with RMB5.7 million in 2010, representing an increase of RMB25.1 million, primarily due to an increase in income of RMB24.2 million from providing loans to our customers in 2011 through Wuxi Small Credit. We suspended our lending activities in March 2012 and do not expect to generate such income in the future.

Cost of sales

Our cost of sales was RMB776.3 million in 2011, compared with RMB485.8 million in 2010, representing an increase of RMB290.5 million, or 59.8%. Our cost of properties sold was RMB734.7 million in 2011, compared with RMB466.5 million in 2010, representing an increase of RMB268.2 million, or 57.5%. The increase in cost of properties sold was primarily due to (i) an increase in construction costs of RMB248.8 million and (ii) an increase in land acquisition costs of RMB19.4 million. The increase in construction costs was primarily due to an increase in the GFA of properties sold and the sale of units in our multi-functional commercial complexes, such as Wuxi Wuzhou International Chinese Food Culture Exposition City, which are multi-story buildings and require higher construction costs.

Gross profit

Our gross profit was RMB739.5 million in 2011, compared with RMB390.0 million in 2010, representing an increase of RMB349.5 million, or 89.6%. Our gross profit margin increased to 48.8% in 2011 from 44.5% in 2010, primarily due to higher selling prices and higher gross profit margins from the sale of units in Wuxi Wuzhou International Industrial Exhibition City (Phase II) and Wuxi Wuzhou International Chinese Food Culture Exposition City in 2011.

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Other income and gains

Our other income and gains were RMB7.5 million in 2011, compared with RMB110.9 million in 2010, representing a decrease of RMB103.4 million, primarily due to a one-time gain of RMB107.6 million in 2010, representing the difference between our payment for the acquisition of a 19.4% equity interest in Wuxi Longan and the fair value of the net assets of Wuxi Longan at the acquisition date.

Selling and distribution costs

Our selling and distribution costs were RMB155.3 million in 2011, compared with RMB162.0 million in 2010, representing a decrease of RMB6.7 million, or 4.1%. From 2010 to 2011, our advertising and promotional expenses decreased from RMB120.7 million to RMB97.2 million. From 2010 to 2011, our commissions, despite the significant increase in the sale of properties, increased slightly from RMB25.7 million to RMB29.7 million as a result of a reduction of our advertising and promotional activities and our strategic decision to offer lower commission rates to sales agents in 2011 for Wuxi Wuzhou International Ornamental City (Phase III) and Wuxi Wuzhou International Industrial Exhibition City (Phase II), in light of the reputational benefits we obtained from Wuxi Wuzhou International Ornamental City (Phases I and II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I).

Administrative expenses

Our administrative expenses were RMB155.9 million in 2011, compared with RMB55.4 million in 2010, representing an increase of RMB100.5 million, or 181.4%, primarily due to (i) a significant increase in staff cost resulting from the increase in the number of our administrative personnel from 256 as of December 31, 2010 to 540 as of December 31, 2011, (ii) increases in entertainment expenses and conference fees and miscellaneous expenses resulting from our business expansion with an increase in the number of our subsidiaries from 18 as of December 31, 2010 to 29 as of December 31, 2011, and (iii) increases in professional fees and traveling expenses in preparation for [●]. The increase in administrative expenses was also due to a lesser extent, to an increase in salaries paid to our administrative personnel in 2011.

Other expenses

Our other expenses were RMB7.2 million in 2011, compared with RMB15.7 million in 2010, representing a decrease of RMB8.5 million, or 54.1%. The decrease was primarily due to a one-time transfer tax payment of RMB11.0 million in connection with our disposal of a parcel of land, at cost, including pre-construction cost.

Fair value gain upon transfer to investment properties

Our fair value gain upon transfer to investment properties was RMB112.6 million in 2011, compared with RMB17.7 million in 2010, representing an increase of RMB94.9 million, primarily due to fair value gain upon transfer to investment properties of RMB86.5 million in Huaian Wuzhou International Plaza, RMB14.5 million in Yancheng Wuzhou International Plaza and RMB11.5 million in Meicun Wuzhou International Plaza, as a result of certain units in these projects being leased out and transferred to investment properties in 2011.

Change in fair value of investment properties

Our change in fair value of investment properties was RMB120.7 million in 2011, compared with RMB20.0 million in 2010, representing an increase of RMB100.7 million.

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Finance costs

Our finance costs were RMB12.1 million in 2011, compared with RMB0.2 million in 2010, representing an increase of RMB11.9 million, primarily due to an increase in the amount of our outstanding loans and, to a lesser extent, an increase in interest rate. We entered into three loans from trust institutions in 2011 which charged higher interest rates than bank loans.

Share of profits and losses of associates

Our share of losses of associates was RMB2.4 million in 2011, compared with our share of profits of RMB109.2 million in 2010. This decrease was primarily because we started to consolidate the financial results of Wuxi Longan in 2011 after it became our subsidiary in December 2010 and its profits and losses were no longer recorded under share of profits or losses of associates.

Income tax expense

Our income tax expenses were RMB274.1 million in 2011, compared with RMB124.9 million in 2010, representing an increase of RMB149.2 million. This increase was primarily due to an increase in pre-tax profit and an increase in provision for LAT of RMB87.1 million because, in 2011, some of our PRC subsidiaries were subject to an LAT at progressive rates ranging from 30% to 60% of the appreciation in land value, while in 2010, some of our PRC subsidiaries were subject to an LAT of 3% to 8.34% of their revenue.

Profit after tax and total comprehensive income for the year

As a result of the foregoing, our profit was RMB373.3 million in 2011, compared with RMB289.7 million in 2010, representing an increase of RMB83.6 million, or 28.9%.

DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

As of December 31, 2010, 2011 and 2012, we had property, plant and equipment of RMB75.0 million, RMB204.2 million and RMB257.1 million, respectively. The increase in property, plant and equipment from December 31, 2011 to December 31, 2012 was primarily due to increases in investment in a hotel project in Yancheng of RMB27.9 million and in offices in Dali and Longan of RMB19.2 million, and purchases of vehicles of RMB20.5 million. The increase in property, plant and equipment from December 31, 2010 to December 31, 2011 was primarily due to the commencement of operations of our Longan department store in October 2011. Certain of our property, plant and equipment, with aggregate carrying amounts of RMB5.1 million, RMB98.6 million and RMB128.3 million as of December 31, 2010, 2011 and 2012, respectively, were pledged to secure our bank loans.

Investment Properties

As of December 31, 2010, 2011 and 2012, the fair value of our investment properties was RMB652.5 million, RMB1,248.3 million and RMB2,572.1 million, respectively, based on the valuation prepared by Savills, an independent property valuer. As of December 31, 2010, 2011 and 2012, we held investment properties with a total GFA of 76,827.0 sq.m., 170,974.8 sq.m. and 139,783.8 sq.m., respectively.

The increase in the fair value of our investment properties from December 31, 2011 to December 31, 2012 was primarily due to increases in the fair value of Dali Wuzhou International Trade City of RMB199.3 million, Wuxi Wuzhou International Columbus Plaza (Phase II) of RMB190.3 million, Meicun Wuzhou International Plaza of RMB178.5 million and Wuzhou International Plaza (phase IV) of RMB105.8 million in 2012.

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The increase in the fair value of our investment properties from December 31, 2010 to December 31, 2011 was primarily due to increases in the fair value of Wuxi Wuzhou International Columbus Plaza of RMB74.2 million, Huaian Wuzhou International Plaza of RMB54.0 million, Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III) of RMB40.9 million and Meicun Wuzhou International Plaza of RMB30.6 million.

The following table sets forth the changes in the fair value of our investment properties as of the dates indicated:

	Completed investment properties	Investment properties under construction	Total
	(RMB in thousands)		
As of January 1, 2010	227,000	—	227,000
Additions due to acquisition of a new subsidiary ⁽¹⁾	330,000	15,500	345,500
Transferred from properties under development	42,269	—	42,269
Fair value gain upon transfer	17,731	—	17,731
Change in fair value of investment properties	20,000	—	20,000
As of December 31, 2010 and January 1, 2011	637,000	15,500	652,500
Additions	4,952	71,194	76,146
Transferred from properties under development	—	286,436	286,436
Fair value gain upon transfer	—	112,564	112,564
Change in fair value of investment properties	100,048	20,606	120,654
As of December 31, 2011 and January 1, 2012	742,000	506,300	1,248,300
Additions	—	303,754	303,754
Transferred from investment properties under construction	181,714	(181,714)	—
Transferred from properties held for sale	316,253	—	316,253
Transferred from properties under development	—	126,342	126,342
Fair value gain upon transfer	185,747	206,358	392,105
Change in fair value of investment properties	78,886	106,460	185,346
As of December 31, 2012	1,504,600	1,067,500	2,572,100

Notes:

(1) The new subsidiary refers to Wuxi Longan.

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The following table sets forth the details of the fair value of our investment properties as of the dates indicated:

Project	As of December 31,			As of December 31,		
	2010	2011	2012	2010	2011	2012
	GFA(sq.m.)			(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	14,669	14,669	15,155	110,000	116,000	127,000
Wuxi Wuzhou International Ornamental City (Phase II)	20,335	20,335	20,922	137,000	157,000	196,900
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	1,323	—	—	11,600
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	25,030	—	—	105,800
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	9,628	9,628	9,628	60,000	63,000	65,700
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	17,935	—	—	89,800
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	—	21,279	—	—	75,300
Wuxi Wuzhou International Columbus Plaza (Phase I)	28,182	28,182	28,182	330,000	406,000	433,000
Wuxi Wuzhou International Columbus Plaza (Phase II)	4,014	4,014	13,992	15,500	32,900	223,200
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	—	5,768	—	—	51,239
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	—	3,744	—	—	33,261
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	6,800	14,037	—	31,300	89,800
Meicun Wuzhou International Plaza	—	15,758	23,282	—	94,400	272,900
Yangjian Wuzhou International Plaza	—	7,748	10,645	—	31,100	57,100
Wuxi New District Columbus Plaza	—	2,160	4,361	—	12,000	37,400
Hangzhou Wuzhou International Plaza	—	17,778	17,778	—	109,000	152,000
Yancheng Wuzhou International Plaza	—	16,493	16,493	—	67,200	105,000
Huaian Wuzhou International Plaza	—	27,410	27,716	—	128,400	168,800
Luoshe Wuzhou Columbus Plaza	—	—	12,730	—	—	61,600
Dali Wuzhou International Trade City	—	—	61,898	—	—	199,300
Nantong Wuzhou International Plaza	—	—	6,038	—	—	15,400
Total	76,828	170,975	357,936	652,500	1,248,300	2,572,100

The fair value of our investment properties increased during the period from December 31, 2010 to December 31, 2011 and to December 31, 2012, primarily due to additional costs incurred in

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developing our investment properties, as well as market fluctuations. The following table sets forth the changes in costs incurred for our investment properties for the periods indicated:

Project	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	—	—	1,437
Wuxi Wuzhou International Ornamental City (Phase II)	—	(499)	2,236
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	6,773
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	50,566
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	42,269	—	—
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	89,551
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	—	32,279
Wuxi Wuzhou International Columbus Plaza (Phase I)	154,724	5,452	3,824
Wuxi Wuzhou International Columbus Plaza (Phase II)	10,498	13,711	77,569
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	—	50,221
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	—	33,443
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	12,567	42,246
Meicun Wuzhou International Plaza	—	82,852	105,613
Yangjian Wuzhou International Plaza	—	29,749	25,653
Wuxi New District Columbus Plaza	—	15,165	16,224
Hangzhou Wuzhou International Plaza	—	108,999	42,206
Yancheng Wuzhou International Plaza	—	52,661	37,058
Huaian Wuzhou International Plaza	—	41,925	25,663
Luoshe Wuzhou Columbus Plaza	—	—	37,987
Dali Wuzhou International Trade City	—	—	53,751
Nantong Wuzhou International Plaza	—	—	12,049
Total	207,491	362,582	746,349

As of December 31, 2010, 2011 and 2012, our investment properties with carrying amounts of RMB562.1 million, RMB615.8 million and RMB1,040.0 million, respectively, were pledged to secure general banking facilities outstanding as of such dates.

Available-For-Sale Investment

Our 10% equity investment in Jiujiang Meijite Credit was designated as an available-for-sale financial asset. Jiujiang Meijite Credit is a small credit company with limited liability established in the PRC on May 14, 2010 and its registered capital is RMB100 million. Jiujiang Meijite Credit engages in providing loans in Lushan District, Jiujiang City. We invested in Jiujiang Meijite Credit to diversify our investment portfolio. Our investment in Jiujiang Meijite Credit was stated at cost. We performed an impairment test as of each reporting date and no impairment was recorded during the Track Record Period. We do not plan to invest in similar financial assets after [●].

Properties Under Development

Our properties under development amounted to RMB1,555.1 million, RMB3,098.8 million and RMB4,307.8 million as of December 31, 2010, 2011 and 2012, respectively. Our properties under development increased from December 31, 2010 to December 31, 2011 and to December 31, 2012 primarily due to increases in both the number and the GFA of properties under development as we

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commenced to develop more commercial property projects in 2010, 2011 and 2012. The following table sets forth the changes in our properties under development as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Carrying amount as of January 1	472,036	1,555,133	3,098,829
Additions due to acquisition of a new subsidiary ⁽¹⁾	248,387	—	—
Additions	1,196,212	2,588,067	2,721,089
Transferred to completed properties held for sale	(227,068)	(757,935)	(1,385,764)
Transferred to investment properties	(42,269)	(286,436)	(126,342)
Disposal	(92,165)	—	—
Carrying amount at year-end	1,555,133	3,098,829	4,307,812

Note:

(1) The new subsidiary refers to Wuxi Longan.

The following table sets forth the details of carrying value of our properties under development as of the dates indicated:

Project	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase III)	101,248	—	—
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	113,308
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	45,473	138,901	—
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	397,158	169,657	—
Wuxi Wuzhou International Industrial Exhibition City (Product Exhibition Hall C)	—	—	72,996
Wuxi Wuzhou International Columbus Plaza (Phase II)	248,387	415,235	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	95,705	—	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	69,308	57,120	80,207
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	174,442	388,437
Meicun Wuzhou International Plaza	116,199	129,946	—
Yangjian Wuzhou International Plaza	—	190,997	326,571
Wuxi New District Columbus Plaza	—	330,499	501,480
Hangzhou Wuzhou International Plaza	229,233	257,892	356,373
Yancheng Wuzhou International Plaza	150,010	131,857	206,261
Huaian Wuzhou International Plaza	102,412	144,200	228,975
Luoshe Wuzhou Columbus Plaza	—	—	139,411
Rongchang Wuzhou Hardware Ornamental City	—	249,511	467,302
Dali Wuzhou International Trade City (Phase I Product Exhibition Hall)	—	163,953	23,036
Dali Wuzhou International Trade City (Phase II)	—	—	29,901
Nantong Wuzhou International Plaza	—	544,619	844,776
Leling Wuzhou International Ornamental City (Phase I)	—	—	36,897
Jianhu Wuzhou International Trade City (Phase I)	—	—	241,501
Xiangyang Wuzhou International Industrial Exhibition City	—	—	156,345
Yantai Wuzhou International Industrial Exhibition City (Fushan)	—	—	94,035
Total	1,555,133	3,098,829	4,307,812

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Certain properties under development with carrying amounts of RMB172.1 million, RMB1,444.1 million and RMB2,491.9 million as of December 31, 2010, 2011 and 2012, respectively, were pledged to secure bank loans outstanding as of such dates.

Completed Properties Held for Sale

As of December 31, 2010, 2011 and 2012, our completed properties held for sale amounted to approximately RMB439.5 million, RMB462.7 million and RMB532.4 million, respectively. The following table sets forth the changes in our completed properties held for sale as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Carrying amount as of January 1	640,855	439,485	462,745
Additions due to acquisition of new subsidiaries	38,048	—	—
Transferred from properties under development	227,068	757,935	1,385,764
Transferred to investment properties	—	—	(316,253)
Transferred to property, plant and equipment	—	—	(5,650)
Transferred to cost of properties sold	(466,486)	(734,675)	(994,181)
Carrying amount as of year-end	439,485	462,745	532,425

The following table sets forth the details of carrying value of our completed properties held for sale as of the dates indicated:

Project	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	109,169	103,542	—
Wuxi Wuzhou International Ornamental City (Phase II)	118,965	8,104	175
Wuxi Wuzhou International Ornamental City (Phase III)	—	9,454	681
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	173,302	11,643	8,263
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	49,880
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	210,615	23,821
Wuxi Wuzhou International Columbus Plaza (Phase I)	38,049	33,938	31,313
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	288,770
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	49,200	1,885
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	36,249	1,809
Meicun Wuzhou International Plaza	—	—	15,885
Yangjian Wuzhou International Plaza	—	—	2,041
Dali Wuzhou International Trade City	—	—	107,902
Total	439,485	462,475	532,425

Our completed properties held for sale include properties that have been pre-sold but not delivered. For example, as of December 31, 2012, completed properties held for sale of Wuxi Wuzhou International Columbus Plaza (Phase II) and Dali Wuzhou International Trade City (Phase I) amounted to RMB107,134.1 million and RMB39,803.9 million, respectively, of which RMB55,608.5 million, or 51.2%, and RMB13,510.4 million, or 33.9%, respectively, had been pre-sold as of December 31, 2012.

The increases in completed properties held for sale were primarily due to an increase in amounts of completed properties transferred from properties under development, which was in turn due to our business expansion and completion of construction of Meicun Wuzhou International Plaza, Dali

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Wuzhou International Trade City, Yangjian Wuzhou International Plaza and Wuxi Wuzhou International Columbus Plaza. The decreases in completed properties held for sale were primarily due to the delivery of such properties.

In order to attract potential purchasers and enhance their confidence in investing in our first project, Wuzhou International Ornamental City (Phase I), in 2007, we decided to offer purchasers of this specialized wholesale market project an option to sell back the properties to us at fixed repurchase prices during a one-month period starting from the fifth anniversary of the delivery date of the property. The repurchase prices were determined in reference to the purchase prices of the properties and, in addition, to provide the purchasers guaranteed investment returns, or approximately 60% of the respective purchase price. The aggregate value of these sales contracts was RMB170.4 million, representing an average selling price of RMB4,880 per sq.m. The aggregate repurchase price was approximately RMB270.0 million. The key terms of these sales contracts are similar to sales contracts we entered into without the option to sell back the properties to us, and the selling prices of properties sold with return clauses are comparable to those without return clauses, based on the selling prices of the properties in the same project and sold during the same period of time. Global Law Office, our PRC legal adviser, is of the opinion that the sales contracts with return clauses that we entered into before the Track Record Period may be considered as prohibited selling activities as property developers are not permitted to sell self-developed properties with return clauses under PRC laws. Global Law Office has confirmed that the maximum amount of fines that may be imposed on us for such sales contracts with return clauses would not exceed RMB30,000. In addition, we obtained a compliance certificate from the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City confirming that it would not impose any penalties in relation to such non-compliance. Global Law Office is of the opinion that the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City is the competent authority in confirming our compliance status in this regard.

While we delivered the properties in Wuzhou International Ornamental City (Phase I) and the legal titles to these properties were transferred to the purchasers in 2007, sales proceeds from these properties of RMB170.4 million were recorded as advances from customers, and the corresponding costs of RMB100.3 million were recorded under completed properties held for sale, given that the purchasers had the option to sell back the properties to us. As of December 31, 2012, all options to sell back the properties to us had lapsed and none of the purchasers had exercised the option. Therefore, we recognized the revenue of RMB170.4 million, as well as the corresponding costs of RMB100.3 million in 2012, when all the risks and rewards of the ownership had been transferred to the purchasers.

We did not enter into any other arrangements with an option to sell back the properties to us and do not expect to enter into similar arrangements in the future.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables amounted to RMB398.6 million, RMB685.5 million and RMB696.5 million as of December 31, 2010, 2011 and 2012, respectively. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Prepayments for acquisition of land use rights	129,572	249,075	34,680
Deposits	45,520	203,098	391,322
Tax recoverable	82,584	104,337	127,582
Prepayments for construction cost	6,536	26,138	51,310
Other receivables, net of provision for impairment	134,361	102,879	91,559
Total	398,573	685,527	696,453

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Prepayments for acquisition of land use rights represent refundable deposits we prepay to local land authorities after entering into land use rights grant contracts. The increases in prepayments for acquisition of land use rights from 2010 to 2011 were due to an increase in the number of land use rights grant contracts we entered into.

Deposits include the deposits paid for land acquisition, construction deposits and deposits under loans from trust institutions. The following table set forth a breakdown of our deposits as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Deposits paid for land acquisition	45,520	192,413	344,128
Construction deposits	—	6,396	26,914
Deposits under loans from trust institutions	—	4,289	20,280
Total	45,520	203,098	391,322

The increase in deposits from December 31, 2011 to December 31, 2012 was primarily due to deposits for our projects in Sheyang and Jilin as well as increases in construction deposits and deposits under loans from trust institutions as a result of our business expansion. The increase in deposits from December 31, 2010 to December 31, 2011 was primarily due to deposits for our projects in Jiangyin, Shenyang and Yixing.

Tax recoverable represents prepaid business taxes and other taxes related to properties sold that have not been delivered to the purchasers. The increases from December 31, 2010 to December 31, 2011 and to December 31, 2012 were mainly attributable to the increases in GFA sold but had not been delivered to purchasers.

The increases in prepayments for construction cost were mainly due to increases in the number of projects and GFA under development.

Other receivables mainly include prepaid expenses, advances to employees and advances to independent third parties. Advances to independent third parties amounted to RMB1.5 million as of December 31, 2012, all of which had been repaid. These advances were extended by us to satisfy temporary cash requirements of independent third parties, who are business acquaintances of the Controlling Shareholders. Global Law Offices, our PRC legal adviser, is of the opinion that the advances to third-party non-financial institutions, which amounted to RMB1.5 million as of December 31, 2012, were invalid. However, we will not be subject to any penalty as the advances were non-interest-bearing. Global Law Offices has confirmed that the advances to third-party individuals were in compliance with the relevant PRC laws and regulations. The Directors confirmed that, other than these advances, the Company does not have any past or present business relationships with such independent third parties. During the Track Record Period, we did not make any provision for impairment of other receivables.

Tax Recoverable

Tax recoverable represents prepaid income tax and LAT. Our tax recoverable amounted to RMB58.7 million, RMB103.3 million and RMB79.7 million as of December 31, 2010, 2011 and 2012, respectively. The increase in tax recoverable from December 31, 2010 to December 31, 2011 was primarily due to increases in prepaid income tax and LAT as a result of an increase in the sale of properties. The decrease in tax recoverable from December 31, 2011 to December 31, 2012 was primarily due to an increase in pre-paid LAT deducted from tax recoverable, as a result of increases in the GFA of properties delivered and revenue recognized in 2012.

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Loan Receivables

Loan receivables include loans and advances to customers and accrued interest, net of impairment allowance on collective assessment. Our loan receivables amounted to RMB200.4 million, RMB310.6 million and nil as of December 31, 2010, 2011 and 2012, respectively. The decrease in loan receivables from December 31, 2011 to December 31, 2012 was primarily due to the disposal of Wuxi Small Credit in March 2012. The increase in loan receivables from December 31, 2010 to December 31, 2011 was primarily due to the business expansion of Wuxi Small Credit, which was established in June 2010 and disposed of in March 2012.

Trade and Bills Receivables

Trade and bills receivables primarily include receivables from rental income, the sale of properties, commercial management service income and property management income. Our trade and bills receivables amounted to RMB23.5 million, RMB56.6 million and RMB18.1 million as of December 31, 2010, 2011 and 2012, respectively. The decrease in trade and bills receivables from December 31, 2011 to December 31, 2012 was primarily due to our enhanced collection efforts. The increase in trade and bills receivables from December 31, 2010 to December 31, 2011 was primarily due to increases in receivables from rental income as a result of increases in GFA of our investment properties.

The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Less than 3 months	20,108	35,754	13,766
4 to 6 months	3,430	20,700	4,272
7 to 12 months	—	100	68
Total	23,538	56,554	18,106

Our trade and bills receivable turnover days were 6.4 days, 9.6 days and 6.0 days in 2010, 2011 and 2012, respectively. Turnover days of trade and bills receivables are derived by dividing the average of the beginning and the closing balances of trade and bills receivables for the relevant period by total revenue for the period and multiplying by the number of days in the period.

Trade and Bills Payables

Trade and bills payables primarily include payables to third-party suppliers and construction contractors. Our trade and bills payables amounted to RMB531.4 million, RMB981.3 million and RMB1,932.7 million as of December 31, 2010 and 2011 and 2012, respectively. The increases in trade and bills payables were primarily due to increases in amounts payable to contractors and suppliers as a result of increases in the number of projects and GFA under development. The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Less than one year	515,995	926,623	1,666,854
Over one year	15,367	54,630	265,833
Total	531,362	981,253	1,932,687

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Our trade and bills payable turnover days were 298.1 days, 355.6 days and 505.3 days as of December 31, 2010, 2011 and 2012, respectively. Turnover days of trade and bills payables are derived by dividing the average of the beginning and the closing balances of trade and bills payables, which are affected by the scale of our development activities conducted during the relevant period, by cost of sales, which is affected by our properties completed and delivered during the period, and multiplying by the number of days in the period. The fluctuation in our trade payables turnover days during the Track Record Period was primarily due to the combined effect of our properties completed and delivered and project construction started and on-going during the respective periods.

Due to the timing mismatch between recording trade and bills payable and recognizing cost of sales, our trade and bills payable turnover days may continue to fluctuate significantly as a result of our development schedule. For example, if we significantly expand the scale of our development activities in a given period, our trade and bills payable turnover days will increase significantly.

Other Payables, Deposits Received and Accruals

Our other payables, deposits receivables and accruals amounted to RMB241.8 million, RMB470.6 million and RMB677.4 million, as of December 31, 2010, 2011 and 2012, respectively. The following table sets forth a breakdown of our other payables, deposits received and accruals as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Advances from non-controlling shareholders of subsidiaries	92,988	199,286	210,459
Advances from third parties	47,300	84,980	19,500
Deposits related to construction	2,869	60,972	106,728
Advances from government	40,000	11,680	11,680
Rental deposits	18,784	27,426	40,017
Payroll and welfare payables	9,369	22,077	37,122
Accruals	8,774	13,397	29,408
Business tax and surcharges	6,030	18,299	18,322
Deposits related to sales of properties	—	11,103	154,982
Maintenance funds	12,638	14,878	25,445
Others	3,068	6,541	23,731
Total	241,820	470,639	677,394

Advances from non-controlling shareholders of subsidiaries represent advances received from the minority shareholders of our subsidiaries in order to fund the development of projects by such subsidiaries. Global Law Offices, our PRC legal adviser, is of the opinion that the advances from non-controlling shareholders of subsidiaries which are non-financial institutions, which amounted to RMB172.0 million as of December 31, 2012, were invalid. However, the lenders will not be subject to any penalty as the advances were non-interest-bearing. Advances from the non-controlling shareholders of our subsidiaries, which are non-financial institutions, have been fully repaid. Global Law Offices has confirmed that the advances from the non-controlling individual shareholders of our subsidiaries, which amounted to RMB38.5 million as of December 31, 2012, were in compliance with the relevant PRC laws and regulations. Our advances from non-controlling shareholders of our subsidiaries increased from RMB93.0 million as of December 31, 2010 to RMB210.5 million as of December 31, 2012, primarily due to additional advances received as a result of our business expansion.

Deposits related to construction increased during the Track Record Period primarily due to increases in the number of projects and GFA under development.

Advances from third parties, representing advances received from independent third parties, amounted to RMB19.5 million as of December 31, 2012 and have been fully repaid. These advances

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were extended by independent third parties, who are business acquaintances of the Controlling Shareholders, to satisfy our temporary cash requirements. Global Law Offices, our PRC legal adviser, is of the opinion that the advances from third party non-financial institutions, which amounted to RMB19.5 million as of December 31, 2012, were invalid. However, the lenders will not be subject to any penalty as the advances were non-interest-bearing. Global Law Offices has confirmed that the advances from third party individuals were in compliance with the relevant PRC laws and regulations. The Directors confirmed that, other than these advances, the Company does not have any past or present business relationships with such independent third parties.

During the Track Record Period, we received an advance from government granted by Jiangxi Real Estate Co., Ltd., a state-owned enterprise, to support the development of our Wuxi Wuzhou International Industrial Exhibition City.

Rental deposits increased from RMB18.8 million as of December 31, 2010, to RMB27.4 million as of December 31, 2011, and to RMB40.0 million as of December 31, 2012, primarily due to increases in the number of lease agreements entered into during the respective periods.

Deposits related to sales of properties represent deposits paid by potential purchasers of our properties pursuant to legally binding subscription agreements they entered into with us in order to secure opportunities for purchasing our properties at the pre-sale stage. Under typical subscription agreements, potential purchasers are required to pay us a deposit, which will be applied to the purchase consideration if a sales contract is entered into between us and the potential purchasers within a certain period, typically within 15 days from the date of the subscription agreement. The deposits are non-refundable if the potential purchasers do not enter into sales contracts with us during the required period. We received deposits in connection with the sale of units in our projects, and we had obtained pre-sale permits for all of these projects when we received the deposits. Global Law Offices, our PRC legal adviser, is of the opinion that the practice of receiving deposits after obtaining pre-sale permits is in compliance with the relevant PRC laws and regulations. Such deposits increased from nil as of December 31, 2010 to RMB11.1 million as of December 31, 2011, and to RMB155.0 million as of December 31, 2012, primarily due to increases in both the number and GFA of properties for sale.

Advances from Customers

Advances from customers represent proceeds from the pre-sale of our properties and commercial management service income advanced from tenants as of the reporting dates. Our advances from customers amounted to RMB1,971.8 million, RMB2,434.3 million and RMB2,737.2 million as of December 31, 2010, December 31, 2011 and December 31, 2012, respectively, in which our advances received from pre-sales amounted to RMB1,920.1 million, RMB2,370.7 million and RMB2,661.3 million, respectively. Advances from customers increased during the Track Record Period primarily due to increases in both the number and GFA of properties for sale.

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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,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City	654,937	191,184	6,299
Wuxi Wuzhou International Industrial Exhibition City	864,592	827,874	25,991
Wuxi Wuzhou International Chinese Food Culture Exposition City	294,696	24,925	193,194
Wuxi Wuzhou International Columbus Plaza	105,834	356,247	241,816
Meicun Wuzhou International Plaza	—	311,456	178,895
Wuxi New District Columbus Plaza	—	116,223	386,608
Yangjian Wuzhou International Plaza	—	93,123	—
Dali Wuzhou International Trade City	—	278,682	137,403
Huaian Wuzhou International Plaza	—	34,715	113,897
Rongchang Wuzhou Hardware Ornamental City	—	136,235	275,545
Jianhu Wuzhou International Trade City (Phase I)	—	—	212,557
Yancheng Wuzhou International Plaza	—	—	281,780
Nantong Wuzhou International Plaza	—	—	160,412
Luoshe Wuzhou Columbus Plaza	—	—	99,979
Xiangyang Wuzhou International Industrial Exhibition City	—	—	234,851
Yantai Wuzhou International Industrial Exhibition City (Fushan) . . .	—	—	112,081
Total	1,920,059	2,370,664	2,661,308

Amounts Due from and Due to Related Parties

As of December 31, 2010, 2011 and 2012, amounts due from related companies was RMB89.0 million, RMB53.2 million and RMB94.7 million, respectively. The following table sets forth the details of amounts due from related companies:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuzhou Int'l Group Investment	—	—	88
Wuxi Longhe	47,311	53,211	94,622
Wuxi Wuzhou Investment	30,104	—	—
Shenzhen Five Continents	11,608	—	—
Total	89,023	53,211	94,710

Prior to our restructuring in 2011, Wuxi Wuzhou Investment was our holding company and managed capital for members of our Group. We advanced capital to Wuxi Wuzhou Investment from time to time to satisfy cash requirements of other members of the Group. Upon the completion of restructuring, Wuxi Wuzhou Investment is no longer a member of our Group and, therefore, amounts due from Wuxi Wuzhou Investment as of 2010 were recorded as amounts due from related companies.

The amounts due from Wuxi Longhe increased from RMB47.3 million as of December 31, 2010 to RMB94.6 million as of December 31, 2012, primarily due to additional advances received from the minority shareholders. The amounts due from Wuxi Longhe have been repaid.

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As of December 31, 2010, 2011 and 2012, amounts due from a related party was RMB33.0 million, RMB8.0 million and nil, respectively, primarily due to advances to a related party, Ms. Qi Xueqing, who is the wife of Mr. Shu Cewan.

The amounts due from related companies have been repaid.

As of December 31, 2010, 2011 and 2012, amounts due to related companies was nil, RMB324.3 million and RMB214.0 million, respectively. The following table sets forth the details of amounts due to related companies:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou Investment	—	176,376	213,680
Shenzhen Five Continents	—	147,916	300
Total	—	324,292	213,980

The amounts due to Wuxi Wuzhou Investment increased from RMB176.4 million as of December 31, 2011 to RMB213.7 million as of December 31, 2012, representing an increase of RMB37.3 million, primarily because the amounts due to Wuxi Wuzhou Investment as of December 31, 2012 included dividends of RMB172.1 million.

The amounts due to Shenzhen Five Continents in 2011 was primarily due to the prepayment of land premium for Wuxi New District Columbus Plaza by Shenzhen Five Continents, which have been repaid.

As of December 31, 2010, 2011 and 2012, amounts due to a related party was nil, RMB5.0 million and nil, respectively, primarily representing the outstanding amount of the loans granted by Ms. Zhu Lijuan.

As of December 31, 2010, 2011 and 2012, amounts due to shareholders was RMB102.7 million, RMB247.2 million and RMB18.1 million, respectively, primarily representing the outstanding amount of the shareholder loans granted by Shu Cecheng and Mr. Shu Cewan.

The amounts due to related companies and shareholders have been repaid through our cash flows from operating activities.

Interest-bearing Bank Loans and Other Borrowings

As of December 31, 2010, 2011 and 2012, our current interest-bearing bank loans and other borrowings amounted to RMB174.4 million, RMB371.4 million and RMB772.5 million, respectively, and our non-current interest-bearing bank loans and other borrowings amounted to RMB147.6 million, RMB851.9 million and RMB1,627.1 million, respectively. The increases in interest-bearing bank loans and other borrowings from 2010 to 2012 was primarily due to an increased demand for capital as a result of our expanded business and property construction.

LIQUIDITY AND CAPITAL RESOURCES

We primarily use cash to pay for construction costs, land acquisition costs, and finance costs, to service our indebtedness and to fund working capital requirements. To date, we have primarily financed our expenditures through internally generated cash flows, proceeds from the pre-sale and sale of properties and borrowings from commercial banks and trust institutions. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of sources

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including [●] project construction loans and mortgage loans, cash provided by operating activities, including the sale and pre-sale of properties, rental income, commercial management service income, property management income and additional offerings of equity securities or other capital market instruments.

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Net cash flows from/(used in) operating activities	(318,255)	(734,183)	52,871
Net cash flows (used in)/from investing activities	99,969	(291,811)	(434,419)
Net cash flows from financing activities	212,798	1,366,812	621,218
Net increase/(decrease) in cash and cash equivalents	(5,488)	340,818	239,670
Cash and cash equivalents at beginning of year	180,451	174,963	515,781
Cash and cash equivalents at the end of year	174,963	515,781	755,451

Operating Activities

We derive cash flows from operating activities primarily from the property sales, rental income, commercial management service income and property management income. Cash used in operating activities reflects our investments in property developments and payments of income taxes.

In 2012, our net cash flows from operating activities were RMB52.9 million, primarily attributable to (i) an increase in trade and bills payables of RMB796.5 million, as a result of an increase in construction payments for new projects, (ii) an increase in advances from customers of RMB302.9 million as a result of an increase in the number of pre-sale projects, and (iii) an increase in other payables, deposits received and accruals of RMB209.8 million, as a result of an increase in deposits from tenants, contractors and purchasers, partially offset by an increase in properties under development and for sale of RMB1,328.3 million, relating to land acquisition costs and construction costs for Rongchang Wuzhou Hardware Ornamental City, Jianhu Wuzhou International Trade City, Leling Wuzhou International Ornamental City and Yancheng Wuzhou International Plaza.

In 2011, our net cash flows used in operating activities were RMB734.2 million, primarily attributable to an increase in properties under development and for sale of RMB1,207.3 million relating to land acquisition costs and construction costs for Rongchang Wuzhou Hardware Ornamental City, Nantong Wuzhou International Plaza and Yangjian Wuzhou International Plaza, Dali Wuzhou International Trade City and Wuxi Wuzhou International Columbus Plaza (Phase II), partially offset by an increase in advances from customers of RMB462.5 million, as a result of the pre-sales of units in Meicun Wuzhou International Plaza and Wuxi Wuzhou International Columbus Plaza (Phase II).

In 2010, our net cash flows used in operating activities were RMB318.3 million, primarily attributable to (i) an increase in properties under development and for sale of RMB526.4 million relating to land acquisition costs and construction costs for Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Chinese Food Culture Exposition City, Hangzhou Wuzhou International Plaza, Yancheng Wuzhou International Plaza and Huaian Wuzhou International Plaza, and (ii) a decrease in other payables, deposits received and accruals of RMB292.8 million relating to a repayment of shareholder loan from Jiangxi Real Estate Co., Ltd., partially offset by an increase in advances from customers of RMB470.2 million, as a result of the pre-sales of units in Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Columbus Plaza (Phase I) and Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I).

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Investing Activities

In 2012, our net cash flows used in investing activities were RMB434.4 million, primarily attributable to (i) an advance to related companies of RMB695.8 million, and (ii) an increase in investment properties of RMB434.9 million, partially offset by a recovery of advances to related companies of RMB580.7 million.

In 2011, our net cash flows used in investing activities were RMB291.8 million, primarily attributable to (i) an advance to related companies of RMB409.1 million, (ii) an increase in investment properties of RMB91.4 million, and (iii) purchases of property, plant and equipment of RMB64.0 million, partially offset by a recovery of advances to related companies of RMB260.5 million.

In 2010, our net cash flows from investing activities were RMB100.0 million, primarily attributable to a recovery of advances to related companies of RMB440.8 million, partially offset by (i) advances to related companies of RMB183.8 million, and (ii) an increase in investment properties of RMB107.5 million.

Financing Activities

Our cash flows from financing activities are mainly generated from bank loans and other borrowings, contributions by equity holders and cash advances from related parties. Our cash inflows from financing activities are mainly offset by repayments of bank loans and other borrowings and repayments of cash advances made to related parties.

In 2012, our net cash flows from financing activities were RMB621.2 million, primarily attributable to (i) advances from related companies of RMB2,292.1 million and (ii) proceeds from bank loans and other borrowings of RMB1,719.2 million, partially offset by a repayment of advances from related companies of RMB2,112.2 million.

In 2011, our net cash flows from financing activities were RMB1,366.8 million, primarily attributable to (i) proceeds from bank loans and other borrowings of RMB1,088.0 million, and (ii) advances from related companies of RMB874.1 million, partially offset by a repayment of advances from related companies of RMB566.5 million.

In 2010, our net cash flows from financing activities were RMB212.8 million, primarily attributable to (i) advances from related companies of RMB249.3 million, (ii) advances from Shareholders of RMB93.7 million, and (iii) capital contributions from non-controlling interest of RMB66.8 million, partially offset by the repayment of advances from related companies of RMB252.0 million.

INDEBTEDNESS, NET CURRENT ASSETS AND CONTINGENT LIABILITIES

Indebtedness

The following table sets forth a breakdown of our secured bank loans and other borrowings as of the dates indicated:

	As of December 31,			As of March 31,
	2010	2011	2012	2013 (unaudited)
	(RMB in thousands)			
Bank loans-secured	322,000	829,340	1,638,420	1,937,380
Bank loans-unsecured	—	—	83,500	82,300
Other borrowings-secured	—	394,000	677,640	627,640
Total	322,000	1,223,340	2,399,560	2,647,320

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Our bank loans and other borrowings during the Track Record Period were denominated in Renminbi. Our total outstanding bank loans and other borrowings amounted to RMB322.0 million, RMB1,223.3 million, RMB2,399.6 million and RMB2,647.3 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. 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.

In addition to bank loans, we entered into six loans with trust institutions during the Track Record Period and up to March 31, 2013, of which four loans were outstanding as of March 31, 2013. While the interest rates of loans with trust institutions are typically two to 12 percentage points higher than those of bank loans, we chose to obtain loans with trust institutions as an alternative source of funding for some of our projects during the Track Record Period and up to March 31, 2013 to take advantage of their flexible terms and security structure and more favorable timing of funding, as compared to bank loans, which help diversify our financing channels. Unlike terms and security structures of bank loans which are subject to rigid regulatory requirements and internal compliance procedures, loans with trust institutions, on the other hand, are negotiable with varying and flexible structures. Our loans with trust institutions are specifically negotiated to fit the capital structure of the project company, the risk-return profile of the project and the funding requirements of our project development process. Moreover, funds under loans with trust institutions are provided in lump sums which are more favorable as compared to bank loans where funds are typically provided in tranches and upon satisfaction of various documentation and financial performance requirements. As an alternative financing channel, loans with trust institutions not only allow us to obtain external financing but also mitigate the policy risks in banking loans which are heavily regulated.

The interest rates of loans with trust institutions usually do not link to the PBOC benchmark interest rates but depend largely on the market condition. The following table sets forth the effective interest rates of bank loans and loans with trust institutions:

<u>Type of financing</u>	<u>For the year ended December 31, 2010</u>	<u>For the year ended December 31, 2011</u>	<u>For the year ended December 31, 2012</u>	<u>For the three months ended March 31, 2013 (unaudited)</u>
	(%)	(%)	(%)	(%)
Bank loans	5.67-7.04	6.75-11.48	6.55-10.50	5.10-10.50
Loans with trust institutions	—	13.00-16.00	13.00-16.80	13.00-16.80

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 the loans with trust institutions. In the event that we fail to satisfy our repayment obligations, we may lose ownership of the relevant project companies. Please refer to the section headed "Risk Factors — We maintain a substantial level of indebtedness, which may affect our business, financial condition, results of operations and prospects" for further details.

As of December 31, 2011, December 31, 2012 and March 31, 2013, our loans with trust institutions amounted to RMB394.0 million, RMB677.6 million and RMB627.6 million, respectively. The terms of these loans range from 12 months to 24 months, with interest rates ranging from 13.0% to 16.8% per annum. Under these loans, equity interests in, or the land use rights held by, the borrowing project companies and their affiliates are pledged to the trust institutions as collateral to secure our repayment obligations. While consent from the trust institutions is required for material corporate actions, such as mergers and liquidation proceedings, the trust institutions do not have any right in respect of the day-to-day operation and management of our project companies and their businesses. No special rights such as nomination of directors or veto rights are granted to the trust institutions.

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The following table sets forth details of our loans with trust institutions during the Track Record Period and up to March 31, 2013:

<u>Entity obtaining trust loans</u>	<u>Trust institution</u>	<u>Term of trust loans</u>	<u>Principal amount of trust loans</u>	<u>Interest rate</u>	<u>Equity interests or land use rights (as applicable) pledged as collateral</u>
			(RMB million)	(% of principal amount of trust loans)	
Wuxi Property Investment	LuJiaZui International Trust Corporation Limited	Jul 10, 2012 – Jul 9, 2014	393.6	16.8%	Land use rights in certain land parcels and relevant properties under construction held by Wuxi Property Investment; land use rights in certain land parcels held by Wuxi Zhongnan and Nantong Wuzhou; 100% equity interests in Wuxi Property Investment held by Wuxi Wuzhou Ornament City
Wuxi Wuzhou Ornament City . . .	Daye Trust Co., Ltd.	Oct 26, 2011 – Apr 25, 2013	94.0	13.0%	Land use right in a land parcel held by Xuyi Wuzhou
Wuxi Longxiang	Chang'an International Trust Co., Ltd.	May 10, 2012 – Nov 9, 2013	90.0	14.8%	Land use rights in certain land parcels and properties held by Wuxi Longxiang
Wuxi Longan	Gansu Trust Co., Ltd.	Jul 29, 2011 – Jul 28, 2012	200.0	16.0%	Land use rights in certain land parcels and properties under construction held by Wuxi Longan
Wuxi Longxiang	Guolian Trust Co., Ltd.	Mar 24, 2011 – Mar 24, 2013	100.0	13.0%	Land use rights in certain land parcels and properties held by Wuxi Longxiang
Yantai Wuzhou Property	Anhui Guoyuan Trust Co., Ltd.	Mar 5, 2013 – Mar 4, 2014	50.0	13.0%	Land use rights in certain land parcels and properties held by Dali Wuzhou and Rongchang Wuzhou

Global Law Office, our PRC legal adviser, has confirmed that the six loans we entered into with trust institutions during the Track Record Period and up to March 31, 2013 were in compliance with the relevant PRC laws and regulations.

Loans with trust institutions represented 23.7% of our total bank loans and other borrowings as of March 31, 2013. We plan to continue to control the aggregate amount of loans with trust institutions and keep its proportion to our total bank loans and other borrowings at the current level. We also do not expect to rely on loans with trust institutions to finance our future property developments. Therefore, our Directors do not expect loans with trust institutions to have a significant impact on our interest expenses and profitability.

Most of our bank loans and other borrowings were secured by our assets, including property, plant and equipment, investment properties, prepaid land lease payment, properties under development, completed properties held for sale and pledged deposits, with an aggregate carrying amount of RMB765.8 million, RMB2,260.8 million, RMB4,127.1 million and RMB3,824.8 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. There are no additional material covenants relating to our outstanding bank loans and other borrowings. None of our current

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credit facility commitment letters contains any covenants on financial ratios, including gearing ratio and debt-to-equity ratio, that would prevent us from using our unutilized banking facilities. 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 aspect under our loan agreements.

The effective interest rates of our bank loans and other borrowings ranged from 5.67% to 7.04% per annum, 6.75% to 16.00% per annum, 6.55% to 16.8% per annum and 5.10% to 16.80% per annum in 2010, 2011, 2012 and three months ended March 31, 2013, respectively.

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 March 31,
	2010	2011	2012	2013 (unaudited)
	(RMB in thousands)			
Repayable within one year	174,400	371,400	772,480	768,140
Repayable within two to five years	57,600	740,300	1,416,240	1,637,740
Repayable over five years	90,000	111,640	210,840	241,440
Total	<u>322,000</u>	<u>1,223,340</u>	<u>2,399,560</u>	<u>2,647,320</u>

Except as disclosed above 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 March 31, 2013.

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Net Current Assets

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

	As of December 31,			As of March 31,
	2010	2011	2012	2013 (unaudited)
	(RMB in thousands)			
CURRENT ASSETS				
Inventories	—	2,397	1,251	1,060
Properties under development	1,555,133	3,098,829	4,307,812	4,397,732
Completed properties held for sale	439,485	462,745	532,425	1,116,059
Equity investments at fair value through profit or loss	11,156	—	—	—
Trade and bills receivables	23,538	56,554	18,106	37,510
Due from related companies	89,023	53,211	94,710	88
Due from a related party	32,956	7,974	—	—
Due from a shareholder	—	—	—	—
Prepaid land lease payments	223,633	127,575	600,441	582,513
Prepayments, deposits and other receivables	398,573	685,527	696,453	815,383
Tax recoverable	58,679	103,282	79,668	97,444
Loan receivables	200,413	310,576	—	—
Pledged deposits	36,225	48,917	26,971	315,221
Restricted cash	1,900	42,011	126,800	113,061
Cash and cash equivalents	174,963	515,781	755,451	424,983
Total current assets	3,245,677	5,515,379	7,240,088	7,901,054
CURRENT LIABILITIES				
Trade and bills payables	531,362	981,253	1,932,687	1,806,618
Other payables, deposits received and accruals	241,820	470,639	677,394	765,833
Advances from customers	1,971,779	2,434,284	2,737,177	3,305,800
Due to related companies	—	324,292	213,980	277,184
Due to a related party	—	5,000	—	—
Due to shareholders	102,705	247,215	18,136	18,064
Interest-bearing bank and other borrowings	174,400	371,400	772,480	768,140
Tax payable	73,181	200,518	465,811	418,381
Total current liabilities	3,095,247	5,034,601	6,817,665	7,360,020
NET CURRENT ASSETS	150,430	480,778	422,423	541,034

We centrally manage our working capital to ensure proper and efficient collection and deployment of our funds.

We carefully consider our cash position and ability to obtain further financing when making significant capital commitments and arranging payments for land acquisition costs and construction costs. Given suitable opportunities, we also intend to access the capital markets through further equity or equity-linked capital-raising or debt-related capital-raising.

In addition, we seek to manage our future cash flows and reduce our exposure to unexpected adverse changes in economic conditions through a number of alternative plans, including adjusting our development schedule to ensure that we have available resources to finance our projects, implementing cost control measures, disposing of selected investment properties at commercially

FINANCIAL INFORMATION

desirable prices, and renegotiating payment terms with counterparties in certain contractual land acquisition arrangements, as necessary. As a result of the foregoing and [●] we expect that our liquidity position will improve after [●].

Taking into account [●] available banking facilities and cash flows from our operations, our Directors are of the view that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

We had net current assets of RMB150.4 million, RMB480.8 million, RMB422.4 million and RMB541.0 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. As of December 31, 2010, 2011 and 2012 and March 31, 2013, our aggregate cash denominated in Renminbi amounted to RMB175.0 million, RMB515.8 million, RMB755.5 million and RMB425.0 million, respectively.

As of March 31, 2013, we had available and undrawn credit facilities of RMB1,567 million.

Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to the acquisition of land use rights and construction and development of our investment properties and purchase of property, plant and equipment. In 2010, 2011 and 2012, we incurred capital expenditures of RMB1,241.9 million, RMB2,353.9 million and RMB3,442.2 million, respectively.

Contractual Commitments

During the Track Record Period, our contractual commitments consisted primarily of operating lease commitments and capital commitments we made in relation to land acquisitions and construction costs for our properties under development.

Operating Lease Commitments

We lease out a number of our investment properties under operating lease arrangements with terms ranging from one to 20 years. Under these leases, the tenants are generally required to pay security deposits and rents subjects 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,		
	2010	2011	2012
	(RMB in thousands)		
Within one year	2,922	6,036	60,581
In the second to fifth years, inclusive	32,237	90,056	265,122
After five years	262,314	531,527	821,723
Total	297,473	627,619	1,147,426

We also lease certain of our office properties under operating lease arrangements. The leases typically have an initial term of one to three years, with an option for renewal based on renegotiated lease terms.

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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,		
	2010	2011	2012
	(RMB in thousands)		
Within one year	810	6,728	4,731
In the second to fifth years, inclusive	—	5,183	5,260
After five years	—	—	180
Total	810	11,911	10,171

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,		
	2010	2011	2012
	(RMB in thousands)		
Contracted but not provided for:			
acquisition of parcel of land	—	41,392	133,880
properties development activities	545,147	503,513	1,630,025
Total	545,147	544,905	1,763,905

The following table sets forth a breakdown of our capital commitments for acquisition of land by project phase as of the dates indicated:

Project	December 31, 2010	December 31, 2011	December 31, 2012
	(RMB in thousand)		
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城) . . .	—	21,892.1	—
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	—	19,500.0	—
Sheyang Wuzhou International Plaza (射陽五洲國際廣場)	—	—	51,160.0
Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)	—	—	82,720.0
Total	—	41,392.1	133,880.0

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The following table sets forth a breakdown of our capital commitments for property development activities by project phases as of the dates indicated:

Project Phase	December 31, 2010	December 31, 2011	December 31, 2012
	(RMB in thousand)		
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)			
Phase II	51,204.5	—	—
Phase III	—	52,262.9	—
Phase IV	—	—	75,740.8
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)			
Phase II	248,066.4	—	—
Phase I Hall A	—	57,032.0	—
Phase II Hall C			50,786.5
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	—	—	1,506.0
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)			
Phase I	110,370.4	—	—
Phase II	—	171,000.0	—
Phase III			167,740.2
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	114,852.3	17,890.8	10,334.2
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)			
Phase II	—	—	78,855.4
Nantong Wuzhou International Plaza (南通五洲國際廣場)			
Northern Area	—	—	489,738.5
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	—	166,370.9
Huaian Wuzhou International Plaza (淮安五洲國際廣場)			
Phase I	—	—	39,077.5
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	—	—	46,441.2
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)			
Phase I	—	—	45,468.9
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	—	—	40,382.6
Dali Wuzhou International Trade City (大理五洲國際商貿城)			
Phase I	—	22,991.3	—
Phase II	—	—	33,661.8
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城) Phase I	—	—	75,759.2
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	20,653.6	182,336.1	176,100.1
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城(福山))	—	—	17,584.2
Leling Wuzhou International Ornamental City (樂陵五洲國際裝飾城) Phase I	—	—	21,789.6
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	—	—	92,687.3
Total	545,147.2	503,513.1	1,630,024.7

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Contingent Liabilities

In accordance with market practice, we make arrangements with various PRC banks to provide mortgage facilities to the purchasers of our completed properties. Guarantees for mortgages on completed properties begin simultaneously with the respective mortgages, and are generally discharged at the earlier of:

- when the property ownership certificates are submitted to the mortgagee banks; or
- when the purchaser pays off the total amount of the mortgage.

If a purchaser defaults on the mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee bank has the right to auction the underlying property and recover the balance from us if the outstanding balance exceeds the net proceeds from foreclosure. In line with industry practice, we do not conduct independent credit checks on the purchasers of our properties, but rely on credit checks conducted by the mortgagee banks. As of December 31, 2010, 2011 and 2012, the outstanding guarantees for mortgage loans made by purchasers of our properties were RMB217.9 million, RMB185.9 million and RMB518.6 million, respectively. Our Directors are of the view that in case of defaults on payments, the net realizable value of the related properties will be sufficient to cover the repayments of the outstanding mortgage loans together with any accrued interests and penalties and, therefore, no provision has been made in connection with the guarantees provided by us.

In addition, we also provided guarantees to banks in connection with banking facilities granted to selected occupiers of our projects who have demonstrated proven operating history and credit worthiness, all of whom are independent third parties, to enhance our relationships with our occupiers. We did not receive any consideration for such guarantees and we do not plan to provide additional guarantees to our occupiers in the future. As of December 31, 2010, 2011 and 2012, the outstanding amount of such guarantees were RMB50.0 million, RMB90.0 million and RMB35.0 million. The Directors consider that no provision is required in respect of the guarantees and such guarantees have been released. As of December 31, 2012, except as disclosed above, we had not guaranteed the indebtedness of any independent third parties.

We provided guarantees to banks in connection with banking facilities granted to Jiujiang Meijite Credit. As of December 31, 2010, 2011 and 2012, the outstanding amount of such guarantees were nil, nil and RMB56.0 million, respectively. Such guarantees were released in March 2013.

Our Directors confirm that there has not been any material adverse change in our indebtedness or contingent liabilities since December 31, 2012.

Off-balance Sheet Arrangements

Except for the contingent liabilities disclosed, 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.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following tables set forth our key financial ratios as of the dates or for the periods indicated:

	As of December 31,		
	2010	2011	2012
Current ratio ⁽¹⁾	104.9%	109.5%	106.2%
Quick ratio ⁽²⁾	33.2%	36.2%	26.4%

Notes:

- (1) Current ratio is calculated based on the total current assets divided by total current liabilities as of the end of the respective year.
- (2) Quick ratio is calculated based on the current assets less inventories, properties under development, completed properties held for sale and prepaid land lease payments divided by current liabilities as of the end of the respective year.

During the Track Record Period, we expanded the scale of our project development, which led to increases in properties under development and completed properties held for sale, as well as increases in current liabilities, resulting in decreases in current ratio and quick ratio.

	For the year ended December 31,		
	2010	2011	2012
Return on equity ⁽¹⁾	33.3%	29.8%	45.8%
Return on assets ⁽²⁾	6.8%	5.1%	7.2%

Notes:

- (1) Return on equity is calculated by dividing net profit for the year/period by total equity as of the end of the respective year.
- (2) Return on assets is calculated by dividing net profit for the year/period by total assets as of the end of the respective year.

During the Track Record Period, as the number of properties we delivered increased, our net profit also increased, which in turn led to increases in return on equity and return on assets.

	As of December 31,		
	2010	2011	2012
Gearing ratio ⁽¹⁾	37.0%	97.7%	145.9%
Debt to equity ratio ⁽²⁾	16.9%	56.5%	99.9%
Net gearing ratio ⁽³⁾	83.5%	86.3%	84.6%
Interest coverage ⁽⁴⁾	31.8	8.1	7.6

Notes:

- (1) Gearing ratio is calculated based on total debt divided by total equity as of the end of the respective year.
- (2) Debt to equity ratio is calculated based on the net debt divided by total equity as of the end of the respective year.
- (3) Net gearing ratio is calculated based on net debt (including interest-bearing bank loans and other borrowings, trade and other payables, advances from customers, amounts due to related companies, a related party and shareholders less cash and cash equivalents) divided by total capital (including equity attributable to owners of the parent) plus net debt as of the end of the respective year.
- (4) Interest coverage is calculated based on profit before interest and tax divided by interest as of the end of the respective year.

During the Track Record Period, we mainly used bank loans and borrowings to finance our project development, which resulted in increases in debt and debt to equity ratio. In addition, an increase in debt during the Track Record Period also resulted in a decrease in profit before interest and tax and, consequently, a decrease in interest coverage.

FINANCIAL INFORMATION

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks, including credit risk, foreign exchange risk, interest rate risk, liquidity risk, commodity risk and inflation in the normal course of our business.

Interest Rate Risk

Our interest rate risk relates primarily to our interest-bearing secured bank deposits and other interest-bearing borrowings. 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 5.81%, 6.56% and 6.31% in 2010, 2011 and 2012, respectively. We currently have not entered into interest rate swaps to hedge against our exposure to changes in fair values of our borrowings. It is our policy to maintain an appropriate level between our fixed-rate and variable rate borrowings so as to balance the fair value and cash flow interest rate risk.

In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations.

We currently do not use any derivative instruments to manage our interest rate. To the extent we decide to do so in the future, there can be no assurance that any future hedging activities will protect us from fluctuations in interest rates.

Liquidity Risk

We review our liquidity position on an on-going basis, including expected cash flows, sale/pre-sale results of our respective property projects, maturity of loans and the progress of planned property development projects.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that movement in foreign currency exchange rates will affect our financial results and cash flows.

Most of our operating expenses, including our operating and administrative costs are denominated in Renminbi, and we collect most of our revenue in Renminbi. We expect to continue to incur a significant portion of our costs, and to recognize revenue, in Renminbi. As a result, our management does not believe we are exposed to significant foreign exchange risk.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than Renminbi and, thereby, may increase our exposure to fluctuations on exchange rates. In order to manage the risk of currency fluctuations, we may, as we deem appropriate, enter into forward exchange contracts to hedge actual transactions for larger contracts. Our policy is not to take speculative positions through forward currency contracts and we have not engaged in any foreign currency hedging activities as at the date of this document.

DIVIDEND POLICY

Subject to the Cayman Islands Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized for other purposes, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law.

FINANCIAL INFORMATION

Except insofar as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

Our Directors may deduct from any dividend or money payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to us on account of calls or otherwise. In addition, the declaration of dividends is subject to the discretion of our Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our Shareholders; and
- any other factors which the Board may deem relevant.

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from IFRSs. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders' approval. We did not declare or distribute any dividends during the Track Record Period. Considering our financial position, we currently intend, subject to the limitations described above and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders no less than 20% of any net distributable profit from our PRC operating entities, excluding net fair value gains or losses on investment properties, for the year ending December 31, 2013 and each year thereafter. However, we will re-evaluate our dividend policy annually.

DISTRIBUTABLE RESERVES

As of December 31, 2012, our reserves available for distribution to our equity holders amounted to approximately RMB234.4 million.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

As of the date of this document, the Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of the Company since December 31, 2012, the date of the latest audited financial statements of the Company.

FINANCIAL INFORMATION

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2012, and there is no event since December 31, 2012 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this document.

PROPERTY VALUATION RECONCILIATION

The statement below shows the reconciliation of aggregate amounts of certain properties as reflected in the audited consolidated financial information as of December 31, 2012 as set out in Appendix I to this document with the valuation of these properties as of February 28, 2013 as set out in Appendix III to this document.

	(RMB in thousands)
Net book value of the following properties as of December 31, 2012	
— Properties under development	4,307,812
— Completed properties held for sale	532,425
— Investment properties	2,572,100
— Property, plant and equipment (only including buildings and construction in progress)	204,001
— Prepaid land lease payments	681,224
	8,297,562
Add: Additions during the period from January 1, 2013 to February 28, 2013	520,865
Less: Disposal during the period from January 1, 2013 to February 28, 2013	(184,050)
Net book value of the properties as of February 28, 2013	8,634,377
Net valuation surplus	9,247,223
Market value of properties as of February 28, 2013 as set out in the property valuation report in Appendix III to this document	17,881,600

FUTURE PLANS

FUTURE PLANS AND PROSPECTS

Please refer to the section “Business — Our Business Strategies” for details of our future plans.

APPENDIX I

ACCOUNTANTS' REPORT

The following is the text of a report on Wuzhou International Holdings Limited, prepared for the purpose of incorporation in this document received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

[Letterhead of Ernst & Young to be included]

[Draft]

[Date]

The Directors
Wuzhou International Holdings Limited

Dear Sirs,

We set out below our report on the financial information of Wuzhou International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2010, 2011 and 2012 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2010, 2011 and 2012, together with the notes thereto (the "Financial Information"), prepared on the basis set out in note 2.1 of Section II, "Basis of Presentation" below for inclusion in the document of the Company dated [●] (the "document") in connection with the [●] of the shares of the Company.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 22, 2010. Pursuant to a group Reorganization (the "Reorganization"), as described in the section headed "History and Reorganization" in the document, which was completed on June 5, 2012, the Company became the holding company of the other subsidiaries comprising the Group. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

APPENDIX I

ACCOUNTANTS' REPORT

I FINANCIAL INFORMATION

The following is the financial information of the Group for the Relevant Periods prepared on the basis set out in note 2 of Section II:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section II Notes	Year ended December 31,		
		2010 RMB'000	2011 RMB'000	2012 RMB'000
REVENUE	6	875,794	1,515,769	2,253,240
Cost of sales		(485,769)	(776,287)	(1,052,374)
GROSS PROFIT		390,025	739,482	1,200,866
Other income and gains	6	110,879	7,514	25,309
Selling and distribution costs		(161,986)	(155,285)	(232,545)
Administrative expenses		(55,392)	(155,907)	(271,725)
Other expenses		(15,677)	(7,161)	(16,797)
Fair value gain upon transfer to investment properties	14	17,731	112,564	392,105
Change in fair value of investment properties	14	20,000	120,654	185,346
Finance costs	7	(177)	(12,132)	(25,071)
Share of profits and losses of associates	20(b)	109,230	(2,353)	5,016
PROFIT BEFORE TAX	8	414,633	647,376	1,262,504
Income tax expense	10	(124,908)	(274,108)	(508,620)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>289,725</u>	<u>373,268</u>	<u>753,884</u>
Attributable to:				
Owners of the parent	12	284,837	313,412	699,711
Non-controlling interests		4,888	59,856	54,173
		<u>289,725</u>	<u>373,268</u>	<u>753,884</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,		
		2010	2011	2012
	Section II Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	75,044	204,157	257,098
Investment properties	14	652,500	1,248,300	2,572,100
Prepaid land lease payments	15	198,827	215,082	80,783
Intangible assets	18	1,147	3,516	4,487
Long-term deferred expense	19	1,220	3,561	3,019
Investments in associates	20	39,121	36,768	41,784
Available-for-sale investment	21	10,000	10,000	10,000
Deferred tax assets	22	23,750	93,753	224,426
Total non-current assets		1,001,609	1,815,137	3,193,697
CURRENT ASSETS				
Inventories		—	2,397	1,251
Properties under development	16	1,555,133	3,098,829	4,307,812
Completed properties held for sale	17	439,485	462,745	532,425
Equity investments at fair value through profit or loss	23	11,156	—	—
Trade and bills receivables	24	23,538	56,554	18,106
Due from related companies	34	89,023	53,211	94,710
Due from a related party	34	32,956	7,974	—
Prepaid land lease payments	15	223,633	127,575	600,441
Prepayments, deposits and other receivables	25	398,573	685,527	696,453
Tax recoverable		58,679	103,282	79,668
Loans receivables	26	200,413	310,576	—
Restricted cash	27	1,900	42,011	26,971
Pledged deposits	27	36,225	48,917	126,800
Cash and cash equivalents	27	174,963	515,781	755,451
Total current assets		3,245,677	5,515,379	7,240,088

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	December 31,		
		2010 RMB'000	2011 RMB'000	2012 RMB'000
CURRENT LIABILITIES				
Trade and bills payables	28	531,362	981,253	1,932,687
Other payables, deposits received and accruals	29	241,820	470,639	677,394
Advances from customers	30	1,971,779	2,434,284	2,737,177
Due to related companies	34	—	324,292	213,980
Due to a related party	34	—	5,000	—
Due to shareholders	34	102,705	247,215	18,136
Interest-bearing bank loans and other borrowings	31	174,400	371,400	772,480
Tax payable	10	73,181	200,518	465,811
Total current liabilities		3,095,247	5,034,601	6,817,665
NET CURRENT ASSETS		150,430	480,778	422,423
TOTAL ASSETS LESS CURRENT LIABILITIES		1,152,039	2,295,915	3,616,120
NON-CURRENT LIABILITIES				
Interest-bearing bank loans and other borrowings	31	147,600	851,940	1,627,080
Deferred tax liabilities	22	133,326	192,053	343,925
Total non-current liabilities		280,926	1,043,993	1,971,005
NET ASSETS		871,113	1,251,922	1,645,115
EQUITY				
Equity attributable to owners of the parent				
Share capital	32(a)	—	—	216,659
Reserves	32	591,672	822,588	1,103,034
		591,672	822,588	1,319,693
Non-controlling interests		279,441	429,334	325,422
TOTAL EQUITY		871,113	1,251,922	1,645,115

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated	Total	Non-controlling interests
				losses)/ retained profits		
	RMB'000 Note 32(a)	RMB'000 Note 32(b)	RMB'000 Note 32(c)	RMB'000	RMB'000	RMB'000
As at January 1, 2010	—	363,344	3,644	(77,539)	289,449	(11,214)
Capital contribution by the then equity holder of a subsidiary	—	17,386	—	—	17,386	—
Contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	68,800
Non-controlling interests arising from business combination	—	—	—	—	—	216,967
Total comprehensive income for the year	—	—	—	284,837	284,837	4,888
Appropriations to statutory surplus reserve	—	—	17,739	(17,739)	—	—
As at December 31, 2010 and January 1, 2011	—	380,730	21,383	189,559	591,672	279,441
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries	—	(75,490)	—	—	(75,490)	—
Acquisition of non-controlling interests	—	(7,006)	—	—	(7,006)	7,006
Contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	83,900
Total comprehensive income for the year	—	—	—	313,412	313,412	59,856
Dividends paid to non-controlling shareholders	—	—	—	—	—	(869)
Appropriations to statutory surplus reserve	—	—	34,195	(34,195)	—	—
As at December 31, 2011 and January 1, 2012	—	298,234	55,578	468,776	822,588	429,334
Issue of new shares	216,659	—	—	—	216,659	—
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries	—	(299,214)	—	—	(299,214)	—
Acquisition of non-controlling interests	—	52,054	—	—	52,054	(61,194)
Contribution from non-controlling shareholder of subsidiaries	—	—	—	—	—	9,352
Disposal of a subsidiary	—	—	—	—	—	(62,965)
Liquidation of a subsidiary	—	—	—	—	—	(11,067)
Total comprehensive income for the year	—	—	—	699,711	699,711	54,173
Dividends paid to the then equity holder of subsidiaries	—	—	—	(172,105)	(172,105)	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	(32,211)
Appropriations to statutory surplus reserve	—	—	87,726	(87,726)	—	—
As at December 31, 2012	216,659	51,074	143,304	908,656	1,319,693	325,422
						1,645,115

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2010 RMB'000	2011 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		414,633	647,376	1,262,504
Adjustments for:				
Depreciation of items of property, plant and equipment	8,13	4,851	10,058	23,874
Amortization of intangible assets	8,18	34	467	914
Amortization of long-term deferred expenses	8,19	133	738	1,281
Impairment allowance on loans receivables	26	1,978	1,128	20
Loss/(gain) on disposal of items of property, plant and equipment	8	99	—	(47)
Gain on acquisition of a subsidiary	35	(75,042)	—	—
Loss on disposal of a subsidiary	36	—	—	6,918
Loss on disposal of an equity investment		—	61	—
Dividends received	6	—	—	(692)
Fair value gain upon transfer to investment properties	14	(17,731)	(112,564)	(392,105)
Change in fair value of investment properties	14	(20,000)	(120,654)	(185,346)
Finance costs	7	177	12,132	25,071
Interest income	6	(2,238)	(4,825)	(5,572)
Share of profits and losses of associates	20(b)	(109,230)	2,353	(5,016)
Gain on re-measurement of previously held equity interests in the acquiree at acquisition date		(32,599)	—	—
		<u>165,065</u>	<u>436,270</u>	<u>731,804</u>
(Increase)/decrease in inventories		—	(2,397)	1,146
Increase in properties for development and for sale		(526,359)	(1,207,332)	(1,328,294)
Additions of long-term deferred expense	19	(1,353)	(3,079)	(739)
(Increase)/decrease in trade receivables		(10,252)	(33,016)	38,448
(Increase)/decrease in prepayments, deposits and other receivables		147,237	(286,000)	(16,286)
(Increase)/decrease in prepaid land lease payments	15	(156,216)	79,803	(346,460)
Increase in loans receivables	26	(202,391)	(111,291)	—
Increase in trade and bills payables		182,923	199,400	796,524
(Increase)/decrease in restricted cash		(900)	(40,111)	15,040
(Increase)/decrease in pledged deposits		3,054	(12,692)	11,218
Increase/(decrease) in other payables, deposits received and accruals		(292,773)	62,893	209,839
Increase in advances from customers		<u>470,249</u>	<u>462,508</u>	<u>302,889</u>
Cash generated from/(used in) operations		(221,716)	(455,044)	415,129
Interest received	6	2,238	4,825	5,572
Interest paid		(13,043)	(81,314)	(169,848)
Tax paid		<u>(85,734)</u>	<u>(202,650)</u>	<u>(197,982)</u>
Net cash flows from/(used in) operating activities		(318,255)	(734,183)	52,871
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(10,916)	(64,001)	(31,113)
Purchases of intangible assets		(705)	(2,841)	(1,885)
Proceeds from disposal of items of property, plant and equipment		244	21	77
Proceeds from disposal of intangible assets		—	5	—
Proceeds from disposal of equity investments at fair value through profit and loss		—	11,095	—

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended December 31,		
		2010	2011	2012
		RMB'000	RMB'000	RMB'000
Increase in investment properties		(107,498)	(91,424)	(434,882)
Acquisition of subsidiaries		3,307	(21,115)	—
Disposal of a subsidiary	36	—	—	137,101
Liquidation of a subsidiary		—	—	(11,067)
Acquisition of associates		(31,000)	—	—
Acquisition of an available-for-sale investment		(10,000)	—	—
Dividends and interests received		—	—	11,424
Advances to shareholders		(198)	—	(37,525)
Recovery of advances to shareholders		23,249	—	40,575
Advances to a related party		(23,510)	—	—
Recovery of advances to a related party		—	24,982	7,974
Advances to related companies		(183,849)	(409,082)	(695,764)
Recovery of advances to related companies		440,845	260,549	580,666
Net cash flows (used in)/from investing activities		99,969	(291,811)	(434,419)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution by the then equity holder of subsidiaries		17,386	—	—
Capital contribution from non-controlling interests		66,800	83,900	9,352
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries		—	(75,490)	(299,214)
Distribution to an equity holder		—	—	(172,105)
Distribution to a non-controlling shareholder		—	—	(27,611)
Acquisition of non-controlling interests		—	—	(9,140)
Advances from shareholders		93,678	144,510	230,155
Repayment of advances from shareholders		—	—	(462,284)
Advances from a related party		—	5,000	—
Repayment of advances from a related party		—	—	(5,000)
Advances from related companies		249,334	874,065	2,292,147
Repayment of advances from related companies		(252,000)	(566,513)	(2,112,201)
Increase in pledged deposits	27	(2,400)	—	(89,101)
Proceeds from interest-bearing bank loans and other borrowings		40,000	1,088,000	1,719,220
Repayment of interest-bearing bank loans and other borrowings		—	(186,660)	(453,000)
Net cash flows from financing activities		212,798	1,366,812	621,218
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,488)	340,818	239,670
Cash and cash equivalents at beginning of year		180,451	174,963	515,781
CASH AND CASH EQUIVALENTS AT END OF YEAR ...		174,963	515,781	755,451
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	27	213,088	606,709	909,222
Less: Restricted cash	27	1,900	42,011	26,971
Pledged deposits	27	36,225	48,917	126,800
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		174,963	515,781	755,451

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ACCOUNTANTS' REPORT

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	December 31,		
		2010 RMB'000	2011 RMB'000	2012 RMB'000
CURRENT ASSETS				
Due from subsidiaries	34(4)	—	—	216,659
Total current assets		—	—	216,659
NET ASSETS		—	—	216,659
Share capital	32(a)	—	—	216,659
TOTAL EQUITY		—	—	216,659

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II NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI—1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property investment and the provision of property management services. The ultimate holding company of the Company is Boom Win Holding Limited. The ultimate controlling party of the Group is Mr. Shu Cecheng and Mr. Shu Cewan (“The Shu Brothers”, or “Controlling Shareholders”).

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the section headed “History and Reorganization” in the document.

At the date of this report, the Company had direct or 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:

Subsidiaries	Place and date of incorporation/establishment	Nominal value of issued/registered share capital	Percentage of equity interests attributable to the Company	Principal activities
<u>Directly held:</u>				
Wuzhou International Investment Limited	British Virgin Islands/ April 27, 2010	US\$50,000	100%	Investment holding
<u>Indirectly held:</u>				
Hong Kong Wuzhou International Group Limited (“Hongkong Wuzhou”)	(1) Hong Kong/ May 6, 2010	HK\$10,000	100%	Investment holding
無錫五洲國際裝飾城有限公司 (“Wuxi Wuzhou Ornament City”)	(2) PRC/February 1, 2005	RMB100,000,000	100%	Property development and property investment
杭州龍安置業有限公司 (“Hangzhou Longan”)	(3) PRC/November 23, 2009	US\$37,500,000	100%	Property development
無錫中南置業投資有限公司 (“Wuxi Zhongnan”)	(4) PRC/December 24, 2004	RMB36,614,000	100%	Property development
無錫市崇安新城龍安置業有限公司 (“Wuxi Longan”)	(5) PRC/March 6, 2007	RMB60,000,000	64.3%	Property development
無錫市崇安新城龍安商業物業經營管理有限公司 (“Longan Management”)	(6) PRC/October 24, 2008	RMB1,000,000	64.3%	Property management

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Subsidiaries	Place and date of incorporation/ establishment	Nominal value of issued/ registered share capital	Percentage of equity interests attributable to the Company	Principal activities
無錫市龍祥投資有限公司 (“Wuxi Longxiang”)	(7) PRC/April 30, 2009	RMB20,000,000	51%	Property development
無錫五洲商業管理有限公司 (“Wuxi Business Management”)	(8) PRC/January 5, 2006	RMB5,000,000	100%	Property management
無錫五洲國際商業運營有限公司 (“Wuzhou Business Operation”)	(9) PRC/July 18, 2008	RMB50,000,000	100%	Property management
無錫五洲國際置業有限公司 (“Wuxi International Property”)	(10) PRC/March 31, 2010	RMB50,000,000	90%	Property development
無錫五洲商業投資有限公司 (“Wuxi Property Investment”)	(11) PRC/March 3, 2011	RMB20,000,000	100%	Property development
無錫五洲龍盛商業有限公司 (“Wuxi Longsheng”)	(12) PRC/April 19, 2011	RMB20,000,000	100%	Property development
無錫市龍騰商業投資發展有限公司 (“Wuxi Longteng”)	(13) PRC/December 22, 2010	RMB50,000,000	59%	Property development
南通五洲國際投資有限公司 (“Nantong Wuzhou”)	(14) PRC/January 21, 2010	RMB80,000,000	51%	Property development
鹽城五洲置業有限公司 (“Yancheng Wuzhou”)	(15) PRC/December 30, 2009	RMB20,000,000	100%	Property development
盱眙五洲國際置業有限公司 (“Xuyi Wuzhou”)	(16) PRC/April 19, 2010	RMB50,000,000	100%	Property development
榮昌縣五洲五金裝飾城有限公司 (“Rongchang Wuzhou”)	(17) PRC/September 20, 2010	RMB60,000,000	94%	Property development
大理五洲國際商貿城有限公司 (“Dali Wuzhou”)	(18) PRC/August 27, 2010	RMB20,000,000	100%	Property development
無錫市惠山區五洲農村小額貸款有限公司 (“Wuxi Small Credit”)	(19) PRC/June 23, 2010	RMB200,000,000	70%	Loan lending
無錫五洲國際商業地產策劃有限公司 (“International Marketing Development”)	(20) PRC/September 10, 2009	RMB500,000	51%	Marketing and planning of property development
山東五洲國際家居博覽城有限公司 (“Leling Wuzhou”)	(21) PRC/March 28, 2011	RMB20,000,000	51%	Property development
建湖五洲國際置業有限公司 (“Jianhu Wuzhou”)	(22) PRC/August 31, 2011	RMB20,000,000	100%	Property development

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Subsidiaries	Place and date of incorporation/ establishment	Nominal value of issued and paid-up share/ paid-up capital	Percentage of equity interests attributable to the Group	Principal activities
煙台五洲國際商品博覽城有限公司 (“Yantai Wuzhou”)	(23) PRC/May 5, 2011	RMB10,000,000	95%	Property development
襄陽五洲國際商貿城有限公司 (“Xiangyang Wuzhou”)	(24) PRC/September 13, 2011	RMB100,000,000	100%	Property development
無錫萬翔商業物業運營有限公司 (“Wanxiang Marketing Development”)	(25) PRC/August 25, 2011	RMB500,000	100%	Property management
龍口五洲國際商貿城有限公司 (“Longkou Wuzhou”)	(26) PRC/November 10, 2011	RMB20,000,000	95%	Property development
瀋陽五洲國際工業博覽城置業有限公司 (“Shenyang Wuzhou”)	(27) PRC/October 13, 2011	RMB100,000,000	100%	Property development
大理五洲國際商業地產策劃有限公司 (“Dali Marketing Development”)	(28) PRC/July 18, 2011	RMB100,000	100%	Marketing and planning of property development
宜興五洲置業有限公司 (“Yixing Wuzhou”)	(29) PRC/January 17, 2012	RMB20,000,000	100%	Property development
射陽五洲國際置業有限公司 (“Sheyang Wuzhou”)	(30) PRC/May 9, 2012	RMB20,000,000	100%	Property development
江陰五洲置業有限公司 (“Jiangyin Wuzhou”)	(31) PRC/January 17, 2012	RMB20,000,000	90%	Property development
山東五洲國際置業有限公司 (“Zibo Wuzhou”)	(32) PRC/January 16, 2012	RMB20,000,000	100%	Property development
建湖五洲國際商業運營有限公司 (“Jianhu Marketing Development”)	(33) PRC/January 13, 2012	RMB1,000,000	100%	Property management
無錫市新龍騰經營管理有限公司 (“Longteng Marketing Development”)	(34) PRC/February 14, 2012	RMB1,000,000	100%	Property management
無錫六龍城商業管理有限公司 (“Longshen Marketing Development”)	(35) PRC/January 10, 2012	RMB1,000,000	100%	Property management
盱眙五洲國際商業物業服務有限公司 (“Xuyi Marketing Development”)	(36) PRC/June 1, 2012	RMB1,000,000	100%	Property management
無錫市龍乾物業管理有限公司 (“Longqian Marketing Development”)	(37) PRC/February 24, 2012	RMB1,000,000	100%	Property management

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ACCOUNTANTS’ REPORT

Subsidiaries		Place and date of incorporation/ establishment	Nominal value of issued and paid-up share/ paid-up capital	Percentage of equity interests attributable to the Group	Principal activities
無錫五洲國際企業管理有限公司 (“Wuxi Corporation Management”)	(38)	PRC/March 21, 2012	RMB4,800,000	51%	Property management
吉林市五洲國際商貿城有限公司 (“Jilin Wuzhou”)	(39)	PRC/August 10, 2012	RMB20,000,000	100%	Property development
江蘇五洲國際商業發展有限公司 (“Jiangsu Wuzhou”)	(40)	PRC/July 11, 2012	RMB20,000,000	100%	Property development
黑龍江五洲國際商貿博覽城有限公司 (“Heilongjiang Wuzhou”)	(41)	PRC/July 23, 2012	RMB100,000,000	100%	Property development
煙台五洲置業有限公司 (“Yantai Wuzhou Property”)	(42)	PRC/July 24, 2012	RMB20,000,000	95%	Property development
五洲哥倫布（射陽）置業有限公司 (“Wuzhou Columbia Sheyang”)	(43)	PRC/August 7, 2012	RMB157,282,500	100%	Property development
大理五洲國際物業管理有限公司 (“Dali Wuzhou Property Management”)	(44)	PRC/June 19, 2012	RMB1,000,000	100%	Property management
啓東五洲置業有限公司 (“Qidong Wuzhou”)	(45)	PRC/August 15, 2012	RMB20,000,000	100%	Property development
鹽城五洲商業運營管理有限公司 (“Yancheng Marketing Development”)	(46)	PRC/May 29, 2012	RMB1,000,000	100%	Property management
上海五策房地產諮詢有限公司 (“Shanghai Wuce”)	(47)	PRC/November 26, 2012	RMB1,000,000	100%	Marketing and planning of property development
襄陽五洲國際商業物業管理有限公司 (“Xiangyang Property Management”)	(48)	PRC/September 27, 2012	RMB1,000,000	100%	Property management
榮昌縣五洲物業管理有限公司 (Rongchang Wuzhou Property Management”)	(49)	PRC/July 02, 2012	RMB1,000,000	100%	Property management
煙台五洲國際商業運營有限公司 (“Yantai Business Operation”)	(50)	PRC/December 20, 2012	RMB1,000,000	100%	Property management
無錫梅村五洲國際商業物業管理有限公司 (“Meicun Marketing Development”)	(51)	PRC/June 4, 2012	RMB1,000,000	100%	Property management
保山五洲國際廣場有限公司 (“Baoshan Wuzhou”)	(51)	PRC/9 January 2013	RMB20,000,000	80%	Property development

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ACCOUNTANTS’ REPORT

Subsidiaries		Place and date of incorporation/ establishment	Nominal value of issued and paid-up share/ paid-up capital	Percentage of equity interests attributable to the Group	Principal activities
無錫五洲地產有限公司 (“Wuxi Property”)	(51)	PRC/January 9, 2013	RMB20,000,000	80%	Property development
南通五洲商業投資有限公司 (“Nantong Commercial Investment”)	(51)	PRC/January 10, 2013	RMB20,000,000	100%	Property development
洛陽五洲國際工業博覽城有限公司 (“Luoyang Wuzhou”)	(51)	PRC/January 31, 2013	RMB20,000,000	51%	Property development
長春市五洲房地產開發有限公司 (“Changchun Wuzhou”)	(51)	PRC/February 22, 2013	RMB50,000,000	100%	Property development
龍口市五洲國際物業管理有限公司 (“Longkou Property Management”)	(51)	PRC/January 10, 2013	RMB1,000,000	100%	Property management
南通五洲國際商業運營管理有限公司 (“Nantong Commercial Operation”)	(51)	PRC/January 16, 2013	RMB3,100,000	100%	Property management
樂陵五洲國際商業物業管理有限公司 (“Leling Commercial Property”)	(51)	PRC/January 22, 2013	RMB1,000,000	100%	Property management
射陽五洲國際商業廣場管理有限公司 (“Shenyang Commercial Plaza”)	(51)	PRC/January 24, 2013	RMB1,000,000	100%	Property management
吉林市五洲國際房地產開發有限公司 (“Jilin Wuzhou Development”)	(51)	PRC/May 8, 2013	RMB20,000,000	100%	Property development

The English name of certain group companies registered in the PRC (“People’s Republic of China”) represent the best efforts made by management of the Company to translate their Chinese names as they do not have an official English name.

Notes:

- (1) The statutory financial statements of Hongkong Wuzhou from May 6, 2010 (date of incorporation) to December 31, 2010 and for the years ended December 31, 2011 and 2012 prepared in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance have been audited by Ernst & Young.
- (2) The statutory financial statements of Wuxi Wuzhou Ornament City for the years ended December 31, 2010 and 2011 in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng Certified Public Accountants Co., Ltd. The statutory financial statements of Wuxi Wuzhou Ornament City for the year ended December 31, 2012 in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd.
- (3) The statutory financial statements of Hangzhou Longan for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Zhejiang Zhengxin Associates Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (4) The statutory financial statements of Wuxi Zhongnan for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng, Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

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ACCOUNTANTS' REPORT

- (5) The statutory financial statements of Wuxi Longan for the years ended December 31, 2010 and 2011 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng Certified Public Accountants Co., Ltd. The statutory financial statements of Wuxi Longan for the year ended December 31, 2012 in accordance with PRC accounting principles and regulations have been audited by Wuxi Dafang Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (6) The statutory financial statements of Longan Management for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (7) The statutory financial statements of Wuxi Longxiang for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (8) The statutory financial statements of Wuxi Business Management for the years end December 31, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (9) The statutory financial statements of Wuzhou Business Operation for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (10) The statutory financial statements of Wuxi International Property for the period from March 31, 2010 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng Certified Public Accounts Co., Ltd., a certified public accounting firms registered in the PRC.
- (11) The statutory financial statements of Wuxi Property Investment for the period from March 3, 2011 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Liangxi Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (12) The statutory financial statements of Wuxi Longsheng for the period from April 19, 2011 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Liangxi Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (13) The statutory financial statements of Wuxi Longteng from December 22, 2010 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd, a certified public accounting firm registered in the PRC.
- (14) The statutory financial statements of Nantong Wuzhou from January 21, 2010 (date of establishment) to December 31, 2010 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd, which is a certified public accounting firm registered in the PRC. The statutory financial statements of Nantong Wuzhou for the years ended December 31, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Nantong Xinjianghai Associates Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (15) The statutory financial statements of Yancheng Wuzhou for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yancheng Zhongbohua Union Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (16) The statutory financial statements of Xuyi Wuzhou from April 19, 2010 (date of establishment) to December 31, 2010 prepared in accordance with PRC accounting principles and regulations have been audited by Jiangsu Zongheng Certified Public Accountants Co., Ltd., which is a certified public accounting firm registered in the PRC. The statutory financial statements of Xuyi Wuzhou for the years ended December 31, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Jiangsu Zhongxing Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (17) The statutory financial statements of Rongchang Wuzhou from September 20, 2010 (date of establishment) to December 31, 2010 prepared in accordance with PRC accounting principles and regulations have been audited by Chongqing Hongling Certified Public Accountants Co., Ltd., which is a certified public accounting firm registered in the PRC. The statutory financial statements of Rongchang Wuzhou for the year ended December 31, 2011 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Liangxi Certified Public Accountants Co., Ltd. The statutory financial statements of Rongchang Wuzhou for the year ended December 31, 2012 in

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accordance with PRC accounting principles and regulations have been audited by Chongqing Yuantai Certified Public Accountants Co., Ltd.

- (18) The statutory financial statements of Dali Wuzhou from August 27, 2010 (date of establishment) to December 31, 2010 and for the years ended December 31, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yunnan Guangda Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (19) The statutory financial statements of Wuxi Small Credit from June 23, 2010 (date of establishment) to December 31, 2010 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Fangsheng Certified Public Accountants Co., Ltd. The statutory financial statements of Wuxi Small Credit for the years ended December 31, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd. Both auditors are certified public accounting firms registered in the PRC. The Group disposed its 70% equity of interest in Wuxi Small Credit in March 2012, please refer to note 36 for details.
- (20) The statutory financial statements of International Marketing Development for the years ended December 31, 2010, 2011 and 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (21) The statutory financial statements of Leling Wuzhou from March 28, 2011 (date of establishment) to December 31, 2011 prepared in accordance with PRC accounting principles and regulations have been audited by Dezhou Yingcheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC. The statutory financial statements of Leling Wuzhou for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Shandong Dahua Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (22) The statutory financial statements of Jianhu Wuzhou from August 31, 2011 (date of establishment) to December 31, 2011 and for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Jianhu Susheng Union Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (23) The statutory financial statements of Yantai Wuzhou from May 5, 2011 (date of establishment) to December 31, 2011 prepared in accordance with PRC accounting principles and regulations have been audited by Yantai Guanda Union Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC. The statutory financial statements of Yantai Wuzhou for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Shandong Huada Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (24) The statutory financial statements of Xiangyang Wuzhou for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Hubei Zhongxinzhicheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (25) The statutory financial statements of Wanxiang Marketing Development for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Liangxi Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (26) The statutory financial statements of Longkou Wuzhou for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yantai Yinji Union Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (27) The statutory financial statements of Shenyang Wuzhou for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Liaoning Dongquan Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (28) The statutory financial statements of Dali Marketing Development for the year ended December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yunnan Guangda Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (29) The statutory financial statements of Yixing Wuzhou from January 9, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (30) The statutory financial statements of Sheyang Wuzhou from May 8, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yancheng Sheyang Xingyang Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

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- (31) The statutory financial statements of Jiangyin Wuzhou from January 11, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (32) The statutory financial statements of Zibo Wuzhou from January 13, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Zibo Bocheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (33) The statutory financial statements of Jianhu Marketing Development from January 13, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Susheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (34) The statutory financial statements of Longteng Marketing Development from February 7, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (35) The statutory financial statements of Longshen Marketing Development from January 13, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Liangxi Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (36) The statutory financial statements of Xuyi Marketing Development from June 1, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Jiangsu Zhongxing Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (37) The statutory financial statements of Longqian Marketing Development from February 2, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (38) The statutory financial statements of Wuxi Corporation Management from March 6, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Wuxi Zhongzheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (39) The statutory financial statements of Jilin Wuzhou from August 10, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Jilin Yinglin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (40) The statutory financial statements of Jiangsu Wuzhou from July 10, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Sheyang Xingyang Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (41) The statutory financial statements of Heilongjiang Wuzhou from July 23, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Jinyuda Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (42) The statutory financial statements of Yantai Wuzhou Property from July 19, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Shandong Huada Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (43) The statutory financial statements of Wuzhou Columbus Sheyang from August 7, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Sheyang Xingyang Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (44) The statutory financial statements of Dali Wuzhou Property Management from June 19, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yunnan Guangda Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (45) The statutory financial statements of Qidong Wuzhou from August 15, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Natong Aidexin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (46) The statutory financial statements of Yancheng Marketing Development from May 29, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Yancheng Anshun Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

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- (47) The statutory financial statements of Shanghai Wuce from November 26, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Shanghai Heyi Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (48) The statutory financial statements of Xiangyang Property Management from September 27, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Hubei Zhongxinzhicheng Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (49) The statutory financial statements of Rongchang Wuzhou Property Management from July 2, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Chongqing Yuantai Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (50) The statutory financial statements of Yantai Business Operation from November 20, 2012 (date of establishment) to December 31, 2012 prepared in accordance with PRC accounting principles and regulations have been audited by Shandong Huada Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (51) No audited financial statements have been prepared and issued for these entities since the dates of their respective incorporation as these companies are domestic companies and not subject to any statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation or establishment or have not commenced business.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the paragraph headed “Reorganization” in the section headed “History and Reorganization” to the document, the Company became the holding company of the companies now comprising the Group on June 5, 2012. The companies now comprising the Group were under the common control of the Controlling Shareholders, The Shu Brothers before and after the Reorganization. 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 Reorganization had been completed at the beginning of the Relevant Periods.

The consolidated statements of comprehensive income, statements of changes in equity and statements 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 Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2010, 2011 and 2012 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholders’ perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries and/or businesses held by parties other than the Shu brothers, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Financial Information have been prepared in accordance with IFRSs which include all standards and interpretations approved by the IASB, and International Accounting Standards (the “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 January 1, 2012 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 and equity investments 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.

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3.1 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	<i>Financial Instruments</i> ⁴
IFRS 10	<i>Consolidated Financial Statements</i> ²
IFRS 11	<i>Joint Arrangements</i> ²
IFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
IFRS 13	<i>Fair Value Measurement</i> ²
IAS 1 Amendments	<i>Amendments to IAS 1 Presentation of Financial Statement—Presentation of Items of Other Comprehensive Income</i> ¹
IAS 19 Amendments	<i>Amendments to IAS 19 Employee Benefits</i> ²
IAS 27 (Revised)	<i>Separate Financial Statements</i> ²
IAS 28 (Revised)	<i>Investment in Associate and Joint Ventures</i> ²
IAS 32 Amendments	<i>Amendments to IAS 32 Financial Instruments: Presentation—Offsetting Financial Assets and Financial Liabilities</i> ³
IFRS 1 Amendments	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards—Government Loans</i> ²
IFRS 7 Amendments	<i>Amendments to IFRS 7 Financial Instruments: Disclosures—Offsetting Financial Assets and Financial Liabilities</i> ²
IFRS 10, IFRS 11 and IFRS 12 Amendments	<i>Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance</i> ²
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	<i>Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised)—Investment Entities</i> ³
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²
Annual Improvement Projects	<i>Annual Improvements to IFRSs 2009-2011 Cycles</i> ²

¹ Effective for annual periods beginning on or after July 1, 2012

² Effective for annual periods beginning on or after January 1, 2013

³ Effective for annual periods beginning on or after January 1, 2014

⁴ Effective for annual periods beginning on or after January 1, 2015

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 may result in changes in accounting policies but 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 and business combinations

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 the merger method of accounting. The acquisition of all other subsidiaries during the Relevant Periods is accounted for using the acquisition method.

The merger method of accounting involves incorporating the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party. No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the

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net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated statements of comprehensive income include the results of each of the combining entities or business 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.

Under 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 either 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 acquirer.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination/consolidation.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to a parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized 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, recognized 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 December 31. 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

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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 (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized 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 of the operation. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled 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.

The Group's investments in associates are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statements of comprehensive income and consolidated reserves, respectively. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, inventories, and deferred tax assets), 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 to sell, 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 recognized 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

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money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the 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, plant and equipment and depreciation

Property, plant 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, plant 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.

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Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated comprehensive income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes 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, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	40 years	2.38%
Plant and machinery	10 years	9.50%
Motor vehicles	4 - 5 years	19.00% to 23.75%
Office equipment	3 - 5 years	19.00% to 31.67%

Where parts of an item of property, plant 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, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment 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 income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in the profit or loss in the year of the retirement or disposal.

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For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the profit or loss.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in one normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Transfer from inventory to investment property

The Company transfers a property from inventory to investment property when, and only when, there is a change in use. The Company provides following assessments to support the change of intention: (a) prepare 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 Company 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, development has commenced and (e) Change in use is approved by board resolution.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land cost.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. The Group

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determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value plus transaction costs, 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 recognized 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:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance cost in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognized in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under IAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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 amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated 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 amortization is included in other income and gains in the profit or loss. The loss arising from impairment is recognized in the profit or loss in finance cost for loans and in other expenses for receivables.

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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 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 unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in 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 income statement 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 recognized in 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 and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized 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 income statement.

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 derecognized 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 asset.

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

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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 asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has 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 Reorganization 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 amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists 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, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, 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 (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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the impairment loss is recognized in the 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 and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

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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 amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is removed from other comprehensive income and recognized in 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. The determination of what is "significant" or "prolonged" requires judgment. "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 recognized in the income statement — is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified 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. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized 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 recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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 amortization is included in finance costs in the profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a

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payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognized less, when appropriate, cumulative amortization.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

Inventories comprise merchandise purchased for resale and consumables and are stated at the lower of cost and net realizable value. The cost of merchandise is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statements, 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 statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognized 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.

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When the effect of discounting is material, the amount recognized for a provision is the present value at the end of 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 profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized 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 recognized for all taxable temporary differences, except:

- where 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, where 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 recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, 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 unused tax losses can be utilized, except:

- where 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, deferred tax assets are only recognized 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 utilized.

The carrying amount of deferred tax assets is 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 asset 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 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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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 recognized 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 recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement 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 income statement by way of a reduced depreciation charge.

Revenue recognition

Revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties are transferred to purchasers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are 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.

For the Group, revenue from sale of completed properties is recognized upon the signing of property handover letter, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer.

Deposits and instalments received in respect of properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position under current liabilities.

Rental income is recognized on a time proportion basis over the lease terms.

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Commissions from concessionaire sales are recognized upon the sale of goods by the relevant stores.

Service income from commercial management services and other activities are recognized when the services are rendered and the inflow of economic benefit is probable.

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Share awards to employees

The fair value of services received determined by reference to the fair value of shares granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognized in profit or loss, with a corresponding adjustment to reserve.

Other employee retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salary and charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China ("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 comprehensive income in the period in which they are incurred.

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 capitalized as part of the cost of those assets. The capitalization 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 capitalized. 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.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the consolidated statements 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 recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

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4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Foreign currencies

These financial statements are presented in Renminbi (“RMB”), which is the Company’s presentation and functional currency because the Group’s principal operations are carried out in Mainland China. 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 retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement.

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 retranslation of a non-monetary item 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 recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into RMB at the weighted average exchange rates for the year.

The preparation of the Group’s Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets and liabilities affected in the future.

Judgments

In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment properties 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.

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. 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

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be sold separately or leased out separately under a finance lease, 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. Judgment 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.

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 judgment. 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 (or leased out separately under a finance lease), 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. Judgment 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.

Transfer to or from investment property

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

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 disclosed below:

Provision 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 realizable 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 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 judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

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PRC corporate income tax

The Group is subject to corporate income taxes in the PRC. 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 judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalized its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realize.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor 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, plant 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, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Estimate of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided 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 estimation, 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 each reporting date.

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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 amounts of investment properties at December 31, 2010, 2011 and 2012 were RMB652,500,000, RMB1,248,300,000 and RMB2,572,100,000 respectively.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognized tax losses at December 31, 2010, 2011 and 2012 were RMB4,921,000, RMB12,744,000 and RMB40,223,000 respectively. Further details are contained in note 22 to the financial statements.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties.
- (b) the property management segment engages in the management of the Group's developed and entrusted operating properties and invests in properties for their rental income potential and/or for capital appreciation.
- (c) the other segment engages in lending to customers and operating department store.

Management monitors the results of its 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 from continuing operations.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in the Mainland China and no non-current assets of the Group are located outside the 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 December 31, 2010, 2011 and 2012.

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Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the Relevant Periods:

<u>Year ended December 31, 2010</u>	<u>Property development</u> <u>RMB'000</u>	<u>Property management and investment</u> <u>RMB'000</u>	<u>Others</u> <u>RMB'000</u>	<u>Adjustments and eliminations</u> <u>RMB'000</u>	<u>Consolidated</u> <u>RMB'000</u>
Segment revenue					
Sales to external customers	815,605	77,814	5,716	(23,341)	875,794
Segment results	228,905	50,060	3,274	23,341	305,580
<i>Reconciliation:</i>					
Finance costs					(177)
Share of profits of associates					109,230
Profit before tax					414,633
Segment assets	3,045,564	909,453	243,148	—	4,198,165
<i>Reconciliation:</i>					
Available-for-sale investment					10,000
Investments in associates					39,121
Total assets					4,247,286
Segment liabilities	3,250,418	125,402	353	—	3,376,173
Total liabilities					3,376,173
Other segment information					
Depreciation and amortization	(5,009)	(9)	—	—	(5,018)
Fair value gain upon transfer to investment properties	—	17,731	—	—	17,731
Change in fair value of investment properties	—	20,000	—	—	20,000

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<u>Year ended December 31, 2011</u>	<u>Property development RMB'000</u>	<u>Property management and investment RMB'000</u>	<u>Others RMB'000</u>	<u>Adjustments and eliminations RMB'000</u>	<u>Consolidated RMB'000</u>
Segment revenue					
Sales to external customers	1,380,087	127,631	32,012	(23,961)	1,515,769
Segment results	343,541	271,195	23,164	23,961	661,861
<i>Reconciliation:</i>					
Finance costs					(12,132)
Share of losses of associates					(2,353)
Profit before tax					647,376
Segment assets	5,369,510	1,484,231	430,007	—	7,283,748
<i>Reconciliation:</i>					
Available-for-sale investment					10,000
Investments in associates					36,768
Total assets					7,330,516
Segment liabilities	5,794,032	192,534	92,028	—	6,078,594
Total liabilities					6,078,594
Other segment information					
Depreciation and amortization	(10,498)	(764)	(1)	—	(11,263)
Fair value gain upon transfer to investment properties	—	112,564	—	—	112,564
Change in fair value of investment properties	—	120,654	—	—	120,654
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>Year ended December 31, 2012</u>	<u>Property development RMB'000</u>	<u>Property management and investment RMB'000</u>	<u>Others RMB'000</u>	<u>Adjustments and eliminations RMB'000</u>	<u>Consolidated RMB'000</u>
Segment revenue					
Sales to external customers	2,126,322	109,782	47,099	(29,963)	2,253,240
Segment results	662,691	589,878	27	29,963	1,282,559
<i>Reconciliation:</i>					
Finance costs					(25,071)
Share of losses of associates					5,016
Profit before tax					1,262,504
Segment assets	7,329,550	2,929,750	122,701	—	10,382,001
<i>Reconciliation:</i>					
Available-for-sale investment					10,000
Investments in associates					41,784
Total assets					10,433,785
Segment liabilities	8,421,936	366,734	—	—	8,788,670
Total liabilities					8,788,670
Other segment information					
Depreciation and amortization	(24,755)	(1,314)	—	—	(26,069)
Fair value gain upon transfer to investment properties	—	392,105	—	—	392,105
Change in fair value of investment properties	—	185,346	—	—	185,346
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

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6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties, rental income, commercial management service income, property management service income and commissions from concessionaire sales during the Relevant Periods, after deduction of allowances for returns and trade discounts.

An analysis of revenue and other income and gains is as follows:

		Year ended December 31,		
		2010	2011	2012
	Note	RMB'000	RMB'000	RMB'000
Revenue				
Sale of properties		815,605	1,380,087	2,126,322
Rental income		12,168	24,277	30,749
Commercial management service income		39,673	71,487	68,290
Property management income		2,632	7,906	10,743
Commissions from concessionaire sales		—	1,207	6,035
Others		5,716	30,805	11,101
		<u>875,794</u>	<u>1,515,769</u>	<u>2,253,240</u>
		Year ended December 31,		
		2010	2011	2012
		RMB'000	RMB'000	RMB'000
Other income and gains, net				
Subsidy income		800	1,437	13,322
Interest income		2,238	4,825	5,572
Gain on acquisition of a subsidiary	35	75,042	—	—
Remeasure of a previously held equity interest in the acquiree at acquisition date		32,599	—	—
Gain on disposal of items of property, plant and equipment		—	5	55
Dividends received		—	—	692
Compensation from government		—	—	4,411
Others		200	1,247	1,257
		<u>110,879</u>	<u>7,514</u>	<u>25,309</u>

7. FINANCE COSTS

An analysis of finance costs is as follow:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Interest on bank loans and other borrowings	13,043	81,314	169,848
Less: Interest capitalized	(12,866)	(69,182)	(144,777)
	<u>177</u>	<u>12,132</u>	<u>25,071</u>

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8. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging:

		Year ended December 31,		
		2010	2011	2012
	Notes	RMB'000	RMB'000	RMB'000
Cost of properties sold	17	466,486	734,675	994,181
Depreciation of item of property, plant and equipment	13	4,851	10,058	23,874
Amortization of intangible assets	18	34	467	914
Amortization of long-term deferred expenses	19	133	738	1,281
Impairment allowance on loans receivables	26	1,978	1,128	20
Provision for loan receivables		50	652	208
Loss on disposal of PUD		10,884	—	—
Loss on disposal of a subsidiary	36	—	—	6,918
Cost of property management service provided		7,329	13,982	9,664
Direct operating expenses arising from rental earning properties and commercial management service provided		11,954	21,030	37,920
Auditors' remuneration		1,105	2,155	3,385
Foreign exchange differences, net		238	—	1,115
Employee benefit expense (including directors' remuneration) (note 9):				
Wages and salaries		15,607	39,417	89,505
Pension scheme and social welfare		5,171	12,239	19,909

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

Directors' remuneration during the Track Record Period is as follows:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	905	1,533	2,093
Performance related bonuses	94	896	960
Pension scheme contributions and social welfare	62	108	156
	<u>1,061</u>	<u>2,537</u>	<u>3,209</u>

(a) Independent non-executive directors

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

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(b) Executive directors and non-executive directors

Year ended December 31, 2010

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance-related bonuses</u>	<u>Pension contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Executive directors:					
— Mr. Shu Cecheng	—	424	—	19	443
— Mr. Shu Cewan	—	229	—	15	244
— Mr. Shu Ceyuan	—	72	54	14	140
— Ms. Wu Xiaowu	—	180	40	14	234
	<u>—</u>	<u>905</u>	<u>94</u>	<u>62</u>	<u>1,061</u>

Year ended December 31, 2011

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance-related bonuses</u>	<u>Pension contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Executive directors:					
— Mr. Shu Cecheng	—	424	—	19	443
— Mr. Shu Cewan	—	229	—	15	244
— Mr. Shu Ceyuan	—	600	283	32	915
— Ms. Wu Xiaowu	—	204	192	32	428
— Mr. Zhao Lidong	—	76	421	10	507
	<u>—</u>	<u>1,533</u>	<u>896</u>	<u>108</u>	<u>2,537</u>

Year ended December 31, 2012

	<u>Fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Performance-related bonuses</u>	<u>Pension contributions and social welfare</u>	<u>Total remuneration</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Executive directors:					
— Mr. Shu Cecheng	—	424	—	19	443
— Mr. Shu Cewan	—	229	—	15	244
— Mr. Shu Ceyuan	—	600	400	32	1,032
— Ms. Wu Xiaowu	—	240	160	32	432
— Mr. Zhao Lidong	—	600	400	58	1,058
	<u>—</u>	<u>2,093</u>	<u>960</u>	<u>156</u>	<u>3,209</u>

(c) Five highest paid employees

The five highest paid individuals for the years ended December 31, 2010, 2011, and 2012 included three directors, details of whose remuneration are set out in notes 9(a) and (b) above. Details of the remuneration of the remaining two non-directors, highest paid employees for the years ended December 31, 2010, 2011 and 2012, respectively are as follows:

	<u>Year ended December 31,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Salaries, allowances and benefits in kind	840	715	730
Performance related bonuses	15	425	460
Pension scheme contributions and social welfare	20	54	65
	<u>875</u>	<u>1,194</u>	<u>1,255</u>

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Details of the remuneration of the directors are set out above.

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Nil to HK\$1,000,000	2	2	2
HK\$1,000,001 to HK\$1,500,000	—	—	—
	<u>2</u>	<u>2</u>	<u>2</u>

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 British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and 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 income currently arising in Hong Kong during the Relevant Periods.

Except for Wuxi Small Credit, other subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25%.

Wuxi Small Credit is engaged in the rural financing business. According to "蘇政辦發2009年第32號文件", it was entitled to a preferential corporate income tax rate of 12.5%.

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax ("LAT") effective from January 1, 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from January 27, 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

In addition, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan, and Dali Wuzhou were subject to LAT which is calculated based on 3% to 8.34% of their revenue in accordance with "錫地稅函2009年第46號文件" and "大理州地稅局2010年第1號文件".

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Current tax:			
PRC corporate income tax	29,207	161,716	290,549
LAT	36,575	123,668	196,872
Deferred tax (note 22)	59,126	(11,276)	21,199
Total tax charge for the year	<u>124,908</u>	<u>274,108</u>	<u>508,620</u>

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A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods as follows:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Profit before tax	414,633	647,376	1,262,504
At the statutory income tax rates	103,658	161,844	315,626
Expenses not deductible for tax	1,878	9,153	14,350
Tax at lower tax rate	(303)	(2,612)	(688)
Profits and losses attributable to associates	(27,307)	588	(1,254)
Withholding taxes on undistributed profits of the subsidiaries in the PRC	19,551	12,385	30,432
Adjustments to current tax of previous years	—	—	943
Non-taxable income	—	—	(173)
Disposal of a subsidiary	—	—	1,730
Provision for LAT	36,575	123,668	196,872
Tax effect on LAT	(9,144)	(30,918)	(49,218)
Tax charge for the year	124,908	274,108	508,620

Tax payable in the consolidated statements of financial position represents:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Tax payable			
PRC corporate income tax	62,061	144,421	325,262
PRC LAT	11,120	56,097	140,549
	73,181	200,518	465,811

11. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Relevant Periods as disclosed in note 2.1 above.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

Of the Group's profit attributable to owners of the parent of RMB284,837,000, RMB313,412,000 and RMB699,711,000 for the years 2010, 2011 and 2012, respectively, no profit has been dealt with in the financial statements of the Company.

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13. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Construction in progress</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
December 31, 2012						
At December 31, 2011 and January 1, 2012:						
Cost	132,590	153	44,734	14,440	33,715	225,632
Accumulated depreciation	(2,280)	(24)	(13,564)	(5,607)	—	(21,475)
Net carrying amount	<u>130,310</u>	<u>129</u>	<u>31,170</u>	<u>8,833</u>	<u>33,715</u>	<u>204,157</u>
At January 1, 2012, net of accumulated depreciation	130,310	129	31,170	8,833	33,715	204,157
Additions	19,216	103	21,262	8,419	27,855	76,855
Disposals	—	—	(21)	(19)	—	(40)
Depreciation provided during the year	(7,095)	(25)	(12,372)	(4,382)	—	(23,874)
At December 31, 2012, net of accumulated depreciation	<u>142,431</u>	<u>207</u>	<u>40,039</u>	<u>12,851</u>	<u>61,570</u>	<u>257,098</u>
At December 31, 2012:						
Cost	151,806	256	65,736	22,698	61,570	302,066
Accumulated depreciation	(9,375)	(49)	(25,697)	(9,847)	—	(44,968)
Net carrying amount	<u>142,431</u>	<u>207</u>	<u>40,039</u>	<u>12,851</u>	<u>61,570</u>	<u>257,098</u>
December 31, 2011						
At December 31, 2010 and January 1, 2011:						
Cost	16,964	61	21,439	7,469	40,656	86,589
Accumulated depreciation	(1,442)	(9)	(6,987)	(3,107)	—	(11,545)
Net carrying amount	<u>15,522</u>	<u>52</u>	<u>14,452</u>	<u>4,362</u>	<u>40,656</u>	<u>75,044</u>
At January 1, 2011, net of accumulated depreciation	15,522	52	14,452	4,362	40,656	75,044
Additions	—	92	23,428	6,987	108,685	139,192
Transfers	115,626	—	—	—	(115,626)	—
Disposals	—	—	(20)	(1)	—	(21)
Depreciation provided during the year	(838)	(15)	(6,690)	(2,515)	—	(10,058)
At December 31, 2011, net of accumulated depreciation	<u>130,310</u>	<u>129</u>	<u>31,170</u>	<u>8,833</u>	<u>33,715</u>	<u>204,157</u>
At December 31, 2011:						
Cost	132,590	153	44,734	14,440	33,715	225,632
Accumulated depreciation	(2,280)	(24)	(13,564)	(5,607)	—	(21,475)
Net carrying amount	<u>130,310</u>	<u>129</u>	<u>31,170</u>	<u>8,833</u>	<u>33,715</u>	<u>204,157</u>

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	<u>Buildings</u> <u>RMB'000</u>	<u>Plant and machinery</u> <u>RMB'000</u>	<u>Motor vehicles</u> <u>RMB'000</u>	<u>Office equipment</u> <u>RMB'000</u>	<u>Construction in progress</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
December 31, 2010						
At January 1, 2010:						
Cost	6,299	61	12,328	3,567	—	22,255
Accumulated depreciation	(898)	(3)	(3,154)	(1,191)	—	(5,246)
Net carrying amount	<u>5,401</u>	<u>58</u>	<u>9,174</u>	<u>2,376</u>	<u>—</u>	<u>17,009</u>
At January 1, 2010, net of accumulated depreciation	5,401	58	9,174	2,376	—	17,009
Additions due to acquisition of a new subsidiary (note 35) ..	10,420	—	140	1,008	40,656	52,224
Additions	—	—	8,618	2,387	—	11,005
Disposals	—	—	—	(343)	—	(343)
Depreciation provided during the year	(299)	(6)	(3,480)	(1,066)	—	(4,851)
At December 31, 2010, net of accumulated depreciation	<u>15,522</u>	<u>52</u>	<u>14,452</u>	<u>4,362</u>	<u>40,656</u>	<u>75,044</u>
At December 31, 2010:						
Cost	16,964	61	21,439	7,469	40,656	86,589
Accumulated depreciation	(1,442)	(9)	(6,987)	(3,107)	—	(11,545)
Net carrying amount	<u>15,522</u>	<u>52</u>	<u>14,452</u>	<u>4,362</u>	<u>40,656</u>	<u>75,044</u>

Certain of the Group's property, plant and equipment with aggregate carrying amounts of approximately RMB5,102,000, RMB98,563,000 and RMB128,315,000 as at December 31, 2010, 2011 and 2012, respectively, have been pledged to secure bank loans granted to the Group (note 31).

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14. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2010	227,000	—	227,000
Additions due to acquisition of a new subsidiary (note 35)	330,000	15,500	345,500
Transferred from properties under development (note 16)	42,269	—	42,269
Fair value gain upon transfer	17,731	—	17,731
Change in fair value of investment properties	20,000	—	20,000
At December 31, 2010 and January 1, 2011	637,000	15,500	652,500
Additions	4,952	71,194	76,146
Transferred from properties under development (note 16)	—	286,436	286,436
Fair value gain upon transfer	—	112,564	112,564
Change in fair value of investment properties	100,048	20,606	120,654
At December 31, 2011 and January 1, 2012	742,000	506,300	1,248,300
Additions	—	303,754	303,754
Transferred from investment properties under construction	181,714	(181,714)	—
Transferred from properties held for sale (note 17)	316,253	—	316,253
Transferred from properties under development (note 16)	—	126,342	126,342
Fair value gain upon transfer	185,747	206,358	392,105
Change in fair value of investment properties	78,886	106,460	185,346
At December 31, 2012	1,504,600	1,067,500	2,572,100
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Carrying amount at December 31,	652,500	1,248,300	2,572,100
Investment properties:			
At fair value	652,500	1,248,300	2,572,100

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The Group's investment properties are situated in Mainland China and are held under a medium term lease.

General information of the Group's principal investment properties is as follows:

Property	Gross floor area (sq.m.)	Actual/expected completion date	Existing use
Wuxi Wuzhou International Ornamental City Phases I to III	37,400	December 2011	Specialized wholesale market
Wuxi Wuzhou International Ornamental City Phase IV	25,030	December 2013	Specialized wholesale market
Wuxi Wuzhou International Industrial Exhibition City Phase I	27,562	December 2012	Specialized wholesale market
Wuxi Wuzhou International Industrial Exhibition City Phase II	21,279	April 2014	Specialized wholesale market
Wuxi Wuzhou International Columbus Plaza Phase I	28,182	April 2010	Multi-functional commercial complexes
Wuxi Wuzhou International Columbus Plaza Phase II	13,992	April 2012	Multi-functional commercial complexes
Wuxi Wuzhou International Chinese Food Culture Exposition City Phases I to II	9,512	September 2011	Multi-functional commercial complexes
Wuxi Wuzhou International Chinese Food Culture Exposition City Phase III	14,038	December 2013	Multi-functional commercial complexes
Meicun Wuzhou International Plaza	23,281	October 2012	Multi-functional commercial complexes
Yangjian Wuzhou International Plaza	10,645	March 2013	Multi-functional commercial complexes
Luoshe Wuzhou Columbus Plaza	12,730	March 2014	Multi-functional commercial complexes
Hangzhou Wuzhou International Plaza	17,778	December 2013	Multi-functional commercial complexes
Wuxi New District Columbus Plaza	4,360	June 2013	Multi-functional commercial complexes
Yancheng Wuzhou International Plaza	16,493	June 2013	Multi-functional commercial complexes
Huaian Wuzhou International Plaza Phase I	27,716	December 2013	Multi-functional commercial complexes
Dali Wuzhou International Trade City	61,898	December 2013	Specialized wholesale market
Nantong Wuzhou International Plaza	6,038	January 2014	Multi-functional commercial complexes

The Group's investment properties were revalued on December 31, 2010, 2011 and 2012 by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, on an open market value, based on either capitalization of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties, or by making reference to comparable market transactions. The investment properties are leased to third parties under operating leases, further details of which are included in note 37.

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As at December 31, 2010, 2011 and 2012, the Group's investment properties with values of RMB562,132,000, RMB615,764,000, and RMB1,039,978,000 were pledged to secure general banking facilities granted to the Group (note 31) as at December 31, 2010, 2011 and 2012.

15. PREPAID LAND LEASE PAYMENTS

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year	266,244	422,460	342,657
Addition during the year	194,906	143,830	389,620
Transferred to PUD during the year	(38,690)	(223,633)	(51,053)
Carrying amount at year end	422,460	342,657	681,224
Less: Current portion	223,633	127,575	600,441
Non-current portion	198,827	215,082	80,783

Certain of the Group's prepaid land lease payments with aggregate carrying amounts of approximately RMB11,716,000 and RMB173,655,000 as at December 31, 2011, and 2012, respectively, have been pledged to secure bank loans granted to the Group (note 31).

16. PROPERTIES UNDER DEVELOPMENT

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	472,036	1,555,133	3,098,829
Additions due to acquisition of a new subsidiary (note 35)	248,387	—	—
Additions	1,196,212	2,588,067	2,721,089
Transferred to completed properties held for sale (note 17)	(227,068)	(757,935)	(1,385,764)
Transferred to investment properties (note 14)	(42,269)	(286,436)	(126,342)
Disposal	(92,165)	—	—
Carrying amount at December 31,	1,555,133	3,098,829	4,307,812

The carrying values of properties under development situated on leasehold land in Mainland China are as follows:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Medium term leases	1,555,133	3,098,829	4,307,812

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The general information of the properties as at December 31, 2012 is as follows:

<u>Property</u>	<u>Gross floor area (sq.m.)</u>	<u>Expected completion date</u>	<u>Percentage of completion (%)</u>	<u>Existing use</u>
Wuxi Wuzhou International Chinese Food Culture Exposition City III	100,383	December 2013	75	Multi-functional commercial complexes
Wuxi Wuzhou International Chinese Food Culture Exposition City Integrated Building	15,339	January 2013	99	Multi-functional commercial complexes
Hangzhou Wuzhou International Plaza	41,863	December 2013	75	Multi-functional commercial complexes
Yancheng Wuzhou International Plaza	40,084	June 2013	79	Multi-functional commercial complexes
Wuxi New District Columbus Plaza	66,354	June 2013	89	Multi-functional commercial complexes
Huai'an Wuzhou International Plaza Phase I	95,214	December 2013	68	Multi-functional commercial complexes
Yangjian Wuzhou International Plaza	88,180	March 2013	87	Multi-functional commercial complexes
Rongchang Wuzhou Hardware Ornamental City Phase I	258,678	February 2013	78	Specialized wholesale market
Dali Wuzhou International Trade City Phase I	26,528	December 2013	35	Specialized wholesale market
Dali Wuzhou International Trade City Phase II	33,238	December 2013	37	Specialized wholesale market
Nantong Wuzhou International Plaza	280,943	May 2014	59	Multi-functional commercial complexes
Wuxi Wuzhou International Ornamental City Phase IV . . .	56,088	December 2013	50	Specialized wholesale market
Wuxi Wuzhou International Industrial Exhibition City Phase II	48,120	April 2014	39	Specialized wholesale market
Luoshe Wuzhou Columbus Plaza	25,515	March 2014	58	Multi-functional commercial complexes
Leling Wuzhou International Ornamental City Phase I	37,705	June 2013	41	Specialized wholesale market
Jianhu Wuzhou International Trade City	111,138	March 2013	99	Specialized wholesale market
Xiangyang Wuzhou International Industrial Exhibition City	205,266	September 2013	43	Specialized wholesale market
Yantai Wuzhou International Industrial Exhibition City (Fushan)	55,766	December 2013	67	Specialized wholesale market

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB172,076,000, RMB1,444,122,000 and RMB2,491,862,000 as at December 31, 2010, 2011, and 2012, respectively, have been pledged to secure bank loans granted to the Group (note 31).

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17. COMPLETED PROPERTIES HELD FOR SALE

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	640,855	439,485	462,745
Additions due to acquisition of a new subsidiary (note 35)	38,048	—	—
Transferred from properties under development (note 16)	227,068	757,935	1,385,764
Transferred to investment properties (note 14)	—	—	(316,253)
Transferred to property, plant and equipment	—	—	(5,650)
Transferred to cost of properties sold (note 8)	(466,486)	(734,675)	(994,181)
Carrying amount at December 31,	<u>439,485</u>	<u>462,745</u>	<u>532,425</u>

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB49,200,000 and RMB209,796,000 as at December 31, 2011 and 2012, respectively, have been pledged to secure bank loans granted to the Group (note 31).

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB100,125,000 have been delivered to buyers in 2007 under sales contracts with a return clause stipulating that the buyer has the option of selling back the property to the Group at a fixed price during the option exercise period which is within one month after five years from the date of delivery of certain property; and the Group has unconditional responsibility to repurchase the property upon request. Considering that the risks and rewards of ownership had not been transferred to the purchasers at the point of delivery of these properties in 2007, the Group had deferred all revenue from sales of these properties with return clause. The right of return clause lapsed during the year ended December 31, 2012 and revenue was then recognized when all the risks and rewards of ownership have been transferred to the purchaser.

18. INTANGIBLE ASSETS

	2010	2011	2012
	RMB'000	RMB'000	RMB'000
<u>Software</u>			
At beginning of the year,			
Cost	121	1,380	4,216
Accumulated amortization	(79)	(233)	(700)
Net carrying amount	<u>42</u>	<u>1,147</u>	<u>3,516</u>
Cost at beginning of the year net of accumulated amortization	42	1,147	3,516
Additions due to acquisition of a new subsidiary (note 35)	428	—	—
Additions	711	2,841	1,885
Disposals	—	(5)	—
Amortization provided during the year	(34)	(467)	(914)
At December 31, net of accumulated amortization	<u>1,147</u>	<u>3,516</u>	<u>4,487</u>
At December 31,			
Cost	1,380	4,216	6,101
Accumulated amortization	(233)	(700)	(1,614)
Net carrying amount	<u>1,147</u>	<u>3,516</u>	<u>4,487</u>

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19. LONG-TERM DEFERRED EXPENSES

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year	—	1,220	3,561
Additions	1,353	3,079	739
Amortized during the year	(133)	(738)	(1,281)
Carrying amount at year end	<u>1,220</u>	<u>3,561</u>	<u>3,019</u>

20. INVESTMENTS IN ASSOCIATES

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Share of net assets	<u>39,121</u>	<u>36,768</u>	<u>41,784</u>

The Group's trade receivable and payable balances with the associates are disclosed in note 34 to the financial statements.

(a) Particulars of the associates

Name of Company	Place and year of incorporation / establishment	Paid-in capital RMB'000	Percentage of equity interests attributable to the Group	Principal activities
Wuxi Bonan Property Co., Ltd. . . .	Wuxi, PRC 2009	30,000	20%	Property development
Wuxi Longan Property Co., Ltd. . .	Wuxi, PRC 2007	60,000	33%	Property development
Wuxi Longhe Property Co., Ltd. . .	Wuxi, PRC 2009	50,000	25%	Property development

(b) The following table illustrates the summarized financial information of the Group's associates shared by the Group:

Wuxi Bonan Property Co., Ltd.

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Current assets	59,987	108,131	50,054
Non-current assets	—	858	25,682
Current liabilities	(19,366)	(60,462)	(19,545)
Non-current liabilities	(14,000)	(24,000)	(25,659)
Net assets	<u>26,621</u>	<u>24,527</u>	<u>30,532</u>
Revenue	—	—	155,652
(Loss)/profit for the year	(379)	(2,095)	6,005

The statutory financial statements of Wuxi Baonan Property Co., Ltd. during the Relevant Periods were audited by Wuxi Jiayu Certified Public Accountants Co., Ltd.

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Wuxi Longan

	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Current assets	—	—	—
Non-current assets	—	—	—
Current liabilities	—	—	—
Non-current liabilities	—	—	—
Net assets	—	—	—
Revenue	257,746	—	—
Profit for the year	109,609	—	—

Since October 2008, the Group held 33% equity interests in Wuxi Longan. In December 2010, the Group acquired another 19.4% equity interest in Wuxi Longan, and Wuxi Longan became a subsidiary of the Group. The details are set out in note 35 of Section II. As it is a business combination achieved in stages, the Group remeasured the fair value of previously held equity interests in the acquiree at acquisition date and recognized the resulting gain in investment income amounting to RMB 32,599,000.

The statutory financial statements of Wuxi Longan for the years ended December 31, 2010 and 2011 were audited by Wuxi Zhongzheng Certified Public Accountants Co., Ltd.

Wuxi Longhe

	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Current assets	9,733	106,780	147,526
Non-current assets	94,525	1	23
Current liabilities	(91,758)	(94,540)	(113,797)
Non-current liabilities	—	—	(22,500)
Net assets	12,500	12,241	11,252
Revenue	—	—	—
Loss for the year	—	(258)	(989)

The statutory financial statements of Wuxi Longhe during the Relevant Periods were audited by Wuxi Taihu Certified Public Accountants Co., Ltd.

21. AVAILABLE-FOR-SALE INVESTMENT

The available-for-sale investment as at December 31, 2010, 2011 and 2012 is solely represented by equity investment in Jiujiang Lushan Meijite Small-credit Co., Ltd. ("Meijite", an unlisted company with registered capital of RMB100,000,000), which was designated as an available-for-sale financial asset. The investment was stated at cost because the investment does not have a quoted market price in an active market and, in the opinion of the Directors, the fair value of the investment cannot be measured reliably. The Group does not intend to dispose of it in the near future.

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22. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profit	Unrealized revenue received in advance	Payroll and welfare accrual	Accrued cost, LAT and expense	Unrealized subsidy income received	Deemed sales	Total
At January 1, 2010	18,396	21,388	484	351	—	17,546	58,165
Deferred tax credited/(charge) to the income statement during the year	(13,475)	7,624	1,896	724	—	—	(3,231)
Deferred tax of a newly acquired subsidiary (Note 35)	—	1,944	146	97	—	—	2,187
At January 1, 2011	4,921	30,956	2,526	1,172	—	17,546	57,121
Deferred tax credited to the income statement during the year	7,823	4,448	2,323	11,813	54,802	—	81,209
At January 1, 2012	12,744	35,404	4,849	12,985	54,802	17,546	138,330
Deferred tax credited/(charge) to the income statement during the year	27,479	11,714	2,666	17,777	106,904	(17,546)	148,994
At December 31, 2012	40,223	47,118	7,515	30,762	161,706	—	287,324

Deferred tax liabilities

	Fair value adjustment arising from investment properties	Fair value adjustment arising from equity investment at fair value through profit and loss	Fair value adjustment on acquisition date of subsidiaries	Gain on business combination	Withholding taxes on undistributed profit of the subsidiaries in the PRC	Total
At January 1, 2010	28,418	—	—	—	2,386	30,804
Deferred tax charge to the income statement during the year	9,434	—	8,150	18,760	19,551	55,895
Deferred tax of a newly acquired subsidiary (Note 35)	45,068	40	34,890	—	—	79,998
At January 1, 2011	82,920	40	43,040	18,760	21,937	166,697
Deferred tax charge/(credited) to the income statement during the year	58,304	(40)	(716)	—	12,385	69,933
At January 1, 2012	141,224	—	42,324	18,760	34,322	236,630
Deferred tax charge/(credited) to the income statement during the year	144,363	—	(4,602)	—	30,432	170,193
At December 31, 2012	285,587	—	37,722	18,760	64,754	406,823

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the combined statements of financial position	23,750	93,753	224,426
Net deferred tax liabilities recognized in the combined statements of financial position	(133,326)	(192,053)	(343,925)
	<u>(109,576)</u>	<u>(98,300)</u>	<u>(119,499)</u>

Pursuant to the CIT law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from January 1, 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. On February 22, 2008, Caishui (2008) No.1 was promulgated by the tax authorities of the PRC to specify that dividends declared and remitted out of the PRC from the undistributed profits as at December 31, 2007 are exempted from withholding tax. 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 January 1, 2008.

No deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings of RMB89,317,000, RMB278,878,000 and RMB 674,275,000 as at December 31, 2010, 2011 and 2012, respectively, that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Listed equity investments in the PRC at fair value	<u>11,156</u>	<u>—</u>	<u>—</u>

The fair values of these listed equity investments are based on their current bid prices in an active market.

24. TRADE AND BILLS RECEIVABLES

Trade and bills receivables represent rentals receivable from tenants, sales income and service income receivables from customers which are payable on presentation of invoices or in accordance with the terms of the related sales and purchase agreements. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade and bills receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

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An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, and net of provision for doubtful debts, is as follows:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Less than 3 months	20,108	35,754	13,766
4 to 6 months	3,430	20,700	4,272
7 to 12 months	—	100	68
	<u>23,538</u>	<u>56,554</u>	<u>18,106</u>

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	<u>23,538</u>	<u>56,554</u>	<u>18,106</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Prepayments for construction cost	6,536	26,138	51,310
Prepayments for acquisition of land use rights	129,572	249,075	34,680
Tax recoverable	82,584	104,337	127,582
Deposits	45,520	203,098	391,322
Other receivables, net of provision for impairment	134,361	102,879	91,559
	<u>398,573</u>	<u>685,527</u>	<u>696,453</u>

Prepayments, deposits and other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

26. LOANS RECEIVABLES

The credit quality analysis of loans receivables is as follows:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Loans and advances to customers	197,750	310,630	—
Accrued interest	4,641	3,052	—
	202,391	313,682	—
Impairment allowance on collective assessment	(1,978)	(3,106)	—
	<u>200,413</u>	<u>310,576</u>	<u>—</u>

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Movements in the provision for impairment of loans receivables were as follows:

	RMB'000
At January 1, 2010	—
Charge during the year	1,978
At December 31, 2010 and January 1, 2011	1,978
Charge during the year	1,128
At December 31, 2011 and January 1, 2012	3,106
Charge during the period ended February 29, 2012	20
Disposal of a subsidiary	(3,126)
At December 31, 2012	<u>—</u>

The Group seeks to maintain strict control over its outstanding loans receivable to minimize credit risk. Overdue balances are reviewed regularly by management.

A maturity profile of the loans receivables as at the end of reporting periods, based on the maturity date and net of provision is as follows:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Current	200,413	310,576	<u>—</u>

27. CASH AND CASH EQUIVALENTS

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Cash and bank balances	213,088	606,709	909,222
Less: Restricted cash	1,900	42,011	26,971
Pledged deposits	36,225	48,917	126,800
Cash and cash equivalents	<u>174,963</u>	<u>515,781</u>	<u>755,451</u>

Pursuant to relevant regulations in PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at December 31, 2010, 2011 and 2012, such restricted cash amounted to RMB 1,900,000, RMB42,011,000 and RMB26,971,000, respectively.

Bank deposits of RMB36,225,000, RMB48,917,000, and RMB126,800,000, respectively, were pledged as security for bank loans, as guarantee deposits in respect of mortgage facilities granted to purchasers of the Group's properties, or as collateral for issuance of bank acceptance notes as at December 31, 2010, 2011 and 2012.

At December 31, 2010, 2011 and 2012, all the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

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28. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Less than 1 year	515,995	926,623	1,666,854
Over 1 year	15,367	54,630	265,833
	<u>531,362</u>	<u>981,253</u>	<u>1,932,687</u>

The trade and bills payables are unsecured, non-interest-bearing and repayable within the normal operating cycle or on demand.

The fair values of trade and bills payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

29. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Advances from third parties	47,300	84,980	19,500
Advances from non-controlling shareholders of subsidiaries	92,988	199,286	210,459
Advances from government	40,000	11,680	11,680
Deposits related to construction	2,869	60,972	106,728
Rental deposits	18,784	27,426	40,017
Payroll and welfare payable	9,369	22,077	37,122
Accruals	8,774	13,397	29,408
Business tax and surcharges	6,030	18,299	18,322
Deposits related to sales of properties	—	11,103	154,982
Maintenance fund	12,638	14,878	25,445
Others	3,068	6,541	23,731
	<u>241,820</u>	<u>470,639</u>	<u>677,394</u>

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

30. ADVANCES FROM CUSTOMERS

Advances from customers represented the 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.

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31. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Bank loans - secured	322,000	829,340	1,638,420
Bank loans - unsecured	—	—	83,500
Other borrowings - secured	—	394,000	677,640
	<u>322,000</u>	<u>1,223,340</u>	<u>2,399,560</u>
Bank loans and other borrowings			
Repayable within one year	174,400	371,400	772,480
Repayable in the second year	14,400	571,300	1,084,540
Repayable in the third to fifth years	43,200	169,000	331,700
Repayable over five years	90,000	111,640	210,840
Subtotal	147,600	851,940	1,627,080
	<u>322,000</u>	<u>1,223,340</u>	<u>2,399,560</u>

The Group's borrowings are all denominated in RMB.

The effective interest rates of the Group's bank borrowings ranged as follows:

Year ended December 31, 2010	5.67% to 7.04%
Year ended December 31, 2011	6.75% to 16.00%
Year ended December 31, 2012	6.55% to 16.80%

The Group's bank loans are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

	Notes	December 31,		
		2010	2011	2012
		RMB'000	RMB'000	RMB'000
Property, plant and equipment	13	5,102	98,563	128,315
Investment properties	14	562,132	615,764	1,039,978
Prepaid land lease payments	15	—	11,716	173,655
Properties under development	16	172,076	1,444,122	2,491,862
Completed properties held for sale	17	—	49,200	209,796
Pledged deposits		26,500	41,400	83,480

As at December 31, 2012, Wuzhou International Investment Limited granted a share pledge of one share in Hongkong Wuzhou, representing its entire issued share capital, in favor of the Bank of Communications, Hong Kong Branch, to secure its bank loan of RMB81,080,000.

The fair values of interest-bearing bank borrowings repayable at the end of each of the Relevant Periods approximated to their corresponding carrying amounts as all bank loans and other borrowings carry a floating interest rate that pegged at the benchmark interest rate of the People's Bank of China.

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32. ISSUED CAPITAL AND RESERVES

(a) Share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 22, 2010 with an initial authorized share capital of US\$50,000 divided into 5,000,000 shares of a par value of US\$0.01 each. On the date of incorporation, 1 ordinary share of US\$0.01 was allotted and issued by the Company to Boom Win Holdings Limited. On August 13, 2012, 3,422,161,913 ordinary shares of US\$0.01 each, credited as fully paid, were allotted and issued to Boom Win Holdings Limited.

(b) Capital reserve

The capital reserve represents the aggregate amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company and the reserve arising from acquisition of non-controlling interests. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity.

(c) Statutory reserve

Statutory reserve fund

PRC laws and regulations require wholly-owned foreign enterprises ("WOFE") to provide for the reserve fund by appropriating a part of the net profit (based on the entity's PRC GAAP statutory accounts) before dividend distribution. Each subsidiary being WOFE is required to appropriate at least 10% of its net profit after tax to the reserve fund until the balance of such fund has reached 50% of its registered capital. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

Statutory surplus reserve

In accordance with the PRC Company Law and the PRC subsidiaries' articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined under PRC GAAP (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilized to offset prior years' losses or to increase capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.

33. SHARE-BASED PAYMENT TRANSACTION

Pursuant to the board resolution dated September 30, 2012, the Group established a share award scheme (the "Share Award Scheme"). Under the Share Award Scheme, Mr. Shu Brothers, the Controlling Shareholders and directors of the Group, transferred 1% of the Company's shares (representing 34,221,619 shares, the "Awarded Shares") held by them through Boom Win to 7 employees of the Group. The share transfer was completed on October 12, 2012. The objective of the Share Award Scheme is to recognize the contributions of certain employees of the Group and providing incentives.

The Awarded Shares, subject to a vesting period, are being held by the trust on behalf of the grantees. The vesting period is five years, from the beginning of each instalment, during which 24%, 24%, 24%, 14% and 14% of the Award Shares granted to employee will vest on each of the five anniversaries of the first vesting date.

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The fair value of the Awarded Shares granted under the Share Award Scheme on September 30, 2012 was RMB14,246,971, which was determined by Savills Valuation and Professional Services Limited, an external valuer using the income approach. The significant input into the approach were estimated fair value of shares at the grant date. Fair value of the shares is derived by discounted cash flow method.

34. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
The Shu Brothers	Ultimate controlling shareholders
Boom Win Holding Limited ("Boom Win")	Ultimate holding company
Wuxi Longan (Note)	Associated company
Wuxi Longhe Property Co., Ltd. ("Wuxi Longhe")	Associated company
Wuxi Bonan Property Co., Ltd. ("Wuxi Bonan")	Associated company
Wuxi Wuzhou Investment Co., Ltd. ("Wuzhou Investment")	Company controlled by The Shu Brothers
Hong Kong Wuzhou International Group Investment Limited ("Wuzhou Int'l Group Investment")	Company controlled by The Shu Brothers
Shenzhen Continent Investment Development Co., Ltd. ("Shenzhen Continent")	Company under significant influence by The Shu Brothers
Ms. Zhu Lijuan	Mr. Shu Cecheng's wife
Ms. Qi Xueqing	Mr. Shu Cewan's wife

Note: Wuxi Longan has become a subsidiary of the Group since December 31, 2010.

APPENDIX I

ACCOUNTANTS' REPORT

(2) Related party transactions

(a) The following transactions were carried out with related parties during the Relevant Periods:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
(i) Advances to shareholders:			
— The Shu Brothers	198	—	37,525
Recovery of advances to shareholders:			
— The Shu Brothers	23,249	—	40,575
Advances from shareholders:			
— The Shu Brothers	93,678	144,510	230,155
Repayment of advances from shareholders:			
— The Shu Brothers	—	—	462,284
(ii) Advances to a related party:			
— Ms. Qi Xueqing	23,510	—	—
Recovery of advances to a related party:			
— Ms. Qi Xueqing	—	24,982	7,974
Advances from a related party:			
— Ms. Zhu Lijuan	—	5,000	—
Repayment of advances from a related party:			
— Ms. Zhu Lijuan	—	—	5,000
(iii) Advances to related companies:			
— Wuzhou Investment	146,000	337,345	513,215
— Wuxi Longhe	37,849	5,900	41,832
— Shenzhen Continent	—	65,837	140,629
Recovery of advances to related companies:			
— Wuzhou Investment	509,665	214,450	449,422
— Wuxi Longhe	—	—	521
— Shenzhen Continent	—	46,099	130,723
Advances from related companies:			
— Wuzhou Investment	249,334	874,065	2,037,069
— Wuzhou Int'l Group Investment	—	—	190,059
— Boom Win	—	—	26,600
— Wuxi Longhe	—	—	400
— Shenzhen Continent	—	—	38,019
Repayment of advances from related companies:			
— Wuzhou Investment	232,000	544,690	1,935,972
— Wuxi Longhe	—	—	500
— Shenzhen Continent	—	21,823	175,729
— Wuzhou Int'l Group Investment	20,000	—	—

(b) Pursuant to the lease agreement and management agreement entered into between Wuxi Longan and Wuxi Wuzhou Ornament City, the Group paid rental fee of RMB101,400 and property management fee of RMB101,400, respectively, to Wuxi Longan in 2010.

(c) Pursuant to the share transfer agreement dated February 17, 2012 entered into between Wuzhou Investment and Wuxi Wuzhou Ornament City, the Group disposed its 40% equity interest in Wuxi Small Credit to Wuzhou Investment for a consideration of RMB80,000,000. The consideration was determined by reference to the corresponding value of the registered capital of the equity interest disposed.

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ACCOUNTANTS' REPORT

(3) Outstanding balances with related parties

The Group

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Due from related companies:			
Wuxi Longhe	47,311	53,211	94,622
Wuzhou Int'l Group Investment	—	—	88
Wuzhou Investment	30,104	—	—
Shenzheng Continent	11,608	—	—
	<u>89,023</u>	<u>53,211</u>	<u>94,710</u>
Due from a related party:			
Ms. Qi Xueqing	<u>32,956</u>	<u>7,974</u>	<u>—</u>

The Group

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Due to shareholders:			
Shu Cecheng	90,878	93,442	18,136
Mr. Shu Cewan	11,827	153,773	—
	<u>102,705</u>	<u>247,215</u>	<u>18,136</u>
Due to related companies:			
Wuzhou Investment	—	176,376	213,680
Shenzhen Continent	—	147,916	300
	<u>—</u>	<u>324,292</u>	<u>213,980</u>
Due to a related party:			
Ms. Zhu Lijuan	<u>—</u>	<u>5,000</u>	<u>—</u>

Balances with the related party were unsecured and non-interest-bearing and had no fixed repayment terms.

Compensation of key management personnel of the Group:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Short term employee benefits	1,166	2,239	3,048
Pension scheme contributions and social welfare	56	185	239
Total compensation paid to key management personnel	<u>1,222</u>	<u>2,424</u>	<u>3,287</u>

Further details of directors' emoluments are included in note 9 to the Financial Information.

(4) Outstanding balances with related parties of the Company

The amounts due from subsidiaries as included in the Company's current assets of RMB216,659,000 as at December 31, 2012 is unsecured, interest-free and are repayable on demand or within one year.

APPENDIX I

ACCOUNTANTS' REPORT

35. BUSINESS COMBINATION

The Group owned a 33% equity interest in Wuxi Longan Property Co., Ltd. before December 2010. In December 2010, the Group acquired an additional of 19.4% equity interests in Wuxi Longan from three third parties. Wuxi Longan is engaged in the properties development business. The purchase consideration for the acquisition was RMB13,386,000, which was fully settled on the acquisition date.

The fair values of the identifiable assets and liabilities of Wuxi Longan as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	Fair value recognized on acquisition RMB'000
Property, plant and equipment	13	52,224
Investment properties	14	345,500
Intangible assets	18	428
Available-for-sale investment		2,500
Deferred tax assets	22	2,187
Completed properties held for sale	17	38,048
Properties under development	16	248,387
Trade and bills receivables		6,125
Due from related companies		73,670
Due from shareholders		2,799
Equity investment at fair value through profit and loss		11,156
Prepayments, deposit and other receivables		84,639
Cash and cash equivalents		23,204
Advances from customers		(105,834)
Tax payables		(46,680)
Other payables, deposits received and accruals		(21,606)
Due to shareholders		(12,025)
Trade and bills payables		(96,911)
Interest-bearing bank loans and other borrowings		(72,000)
Deferred tax liabilities	22	(79,998)
		455,813
Non-controlling interests		(216,967)
Gain on acquisition	6	(75,042)
Fair value of the 33% equity interest before acquisition		(150,418)
Satisfied by cash		13,386

Had the combination taken place at the beginning of the Relevant Periods, revenue from continuing operations of the Group would have been RMB211,487,000 and RMB1,612,984,000 for 2009 and 2010, respectively, and the profit/loss of the Group would have been a loss of RMB96,641,000 for 2009 and a profit of RMB524,579,000 for 2010, respectively.

36. DISPOSAL OF A SUBSIDIARY

The Group disposed its 70% of equity interests in Wuxi Small Credit to Wuzhou Investment, Wuxi Quanyi Construction Materials Co., Ltd., Wuxi Hongnuo Commerce & Trading Co., Ltd., Ms. Qi Dahua and Ms. Qi Zhuxia in February 2012 an aggregate consideration of RMB140,000,000. The consideration was determined by reference to the corresponding values of the registered capital of the equity interests disposed.

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The carrying values of the assets and liabilities of Wuxi Small Credit on the date of disposal were as follows:

	RMB'000
Property, plant and equipment	9
Prepayments, deposits and other receivables	2,047
Loans receivables	313,868
Cash and cash equivalents	2,899
Other payables, deposits received and accruals	(18,407)
Interest-bearing bank loans and other borrowings	(90,000)
Tax payable	(533)
	<u>209,883</u>
Non-controlling interests	(62,965)
Loss on disposal of a subsidiary	(6,918)
Satisfied by cash	<u>140,000</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

Cash consideration	140,000
Cash and cash equivalents disposed of	(2,899)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>137,101</u>

37. OPERATING LEASE COMMITMENTS

As lessor

The Group leases out its investment properties (note 14) under operating lease arrangements with leases negotiated from terms ranging from 1 to 20 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Within one year	2,922	6,036	60,581
In the second to fifth years, inclusive	32,237	90,056	265,122
After five years	262,314	531,527	821,723
	<u>297,473</u>	<u>627,619</u>	<u>1,147,426</u>

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of one to three years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

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ACCOUNTANTS' REPORT

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:

	December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Within one year	810	6,728	4,731
In the second to fifth years, inclusive	—	5,183	5,260
After five years	—	—	180
	<u>810</u>	<u>11,911</u>	<u>10,171</u>

38. COMMITMENTS

In addition to the operating lease commitment as detailed in note 37 above, The Group had the following capital commitments at the end of each reporting period:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
— Acquisition of land use rights	—	41,392	133,880
— Properties under development	<u>545,147</u>	<u>503,513</u>	<u>1,630,025</u>

39. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties ⁽¹⁾	217,906	185,902	518,609
Guarantees given to banks in connection with facilities granted to third parties ⁽²⁾	50,000	90,000	35,000
Guarantees given to banks in connection with facilities granted to Meijite ⁽³⁾	—	—	56,000
	<u>267,906</u>	<u>275,902</u>	<u>609,609</u>

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchaser's collateral agreement.

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 completed properties held for sale. The directors consider that in case of default on payments, the net realizable 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.

(2) The Group provided guarantees to banks in connection with banking facilities granted to third parties. The directors consider that no provision is needed in respect of the guarantees.

(3) The Group provided guarantees to banks in connection with banking facilities granted to Meijite. The Group held a 10% equity interest in Meijite during the Relevant Period (note 21).

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40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

December 31, 2012

Financial assets

	Equity investments and loans and receivables at amortized cost	Total
	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 25)	91,559	91,559
Trade and bills receivables	18,106	18,106
Due from related companies	94,710	94,710
Restricted cash	26,971	26,971
Pledged deposits	126,800	126,800
Cash and cash equivalents	755,451	755,451
	<u>1,113,597</u>	<u>1,113,597</u>

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	1,932,687	1,932,687
Financial liabilities included in other payables, deposits received and accruals (note 29)	195,994	195,994
Interest-bearing bank loans and other borrowings (note 31)	2,399,560	2,399,560
Due to shareholders	18,136	18,136
Due to related companies	213,980	213,980
	<u>4,760,357</u>	<u>4,760,357</u>

December 31, 2011

Financial assets

	Equity Investments and loans and receivables at amortized cost	Total
	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 25)	102,879	102,879
Loans receivables	310,576	310,576
Trade and bills receivables	56,554	56,554
Due from related companies	53,211	53,211
Due from a related party	7,974	7,974
Restricted cash	42,011	42,011
Pledged deposits	48,917	48,917
Cash and cash equivalents	515,781	515,781
	<u>1,137,903</u>	<u>1,137,903</u>

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Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	981,253	981,253
Financial liabilities included in other payables, deposits received and accruals (note 29)	317,365	317,365
Interest-bearing bank loans and other borrowings (note 31)	1,223,340	1,223,340
Due to shareholders	247,215	247,215
Due to a related party	5,000	5,000
Due to related companies	324,292	324,292
	<u>3,098,465</u>	<u>3,098,465</u>

December 31, 2010

Financial assets

	Loans and receivables at amortized cost	Equity investments at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Equity investments at fair value through profit or loss	—	11,156	11,156
Financial assets included in prepayments, deposits and other receivables (note 25)	134,361	—	134,361
Loans receivables	200,413	—	200,413
Trade and bills receivables	23,538	—	23,538
Due from related companies	89,023	—	89,023
Due from a related party	32,956	—	32,956
Restricted cash	1,900	—	1,900
Pledged deposits	36,225	—	36,225
Cash and cash equivalents	174,963	—	174,963
	<u>693,379</u>	<u>11,156</u>	<u>704,535</u>

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	531,362	531,362
Financial liabilities included in other payables deposits received and accruals (note 29)	290,815	290,815
Interest-bearing bank loans and other borrowings (note 31)	322,000	322,000
Due to shareholders	102,705	102,705
	<u>1,246,882</u>	<u>1,246,882</u>

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ACCOUNTANTS' REPORT

41. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments and investment properties:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at December 31, 2010, 2011 and 2012, the Group's equity investments at fair value through profit or loss (Level 1) and investment properties (Level 1 and Level 2) were measured at fair value.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, financial instruments at fair value through profit or loss, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank borrowings, amounts with directors, amounts with related companies, amount due to a related party, and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using a mix of variable rate bank borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ decrease in basis points	Increase/ (decrease) in profit before tax	Increase/ (decrease) in properties under development
		RMB'000	RMB'000
2012			
— RMB denominated loans	+20	(10,374)	23,860
— RMB denominated loans	-20	10,374	(23,860)
2011			
— RMB denominated loans	+20	(4,815)	12,631
— RMB denominated loans	-20	4,815	(12,631)
2010			
— RMB denominated loans	+20	(101)	2,508
— RMB denominated loans	-20	101	(2,508)

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It represents the impact on the balance of PUD as at the December 31, 2010, 2011 and 2012 through change in interest rates. The impact will be realized in subsequent years when the properties are sold.

(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. The Group has not hedged its foreign exchange rate risk.

The following table demonstrates the sensitivity at the end of the reporting periods to a reasonably possible change in the United States dollar ("US\$") exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Rate	Increase/ (decrease) in profit before tax
	%	RMB'000
Year ended December 31, 2012		
If US\$ weakens against RMB	-5%	—
If US\$ strengthens against RMB	+5%	—
Year ended December 31, 2011		
If US\$ weakens against RMB	-5%	—
If US\$ strengthens against RMB	+5%	—
Year ended December 31, 2010		
If US\$ weakens against RMB	-5%	(5,699)
If US\$ strengthens against RMB	+5%	5,699

(c) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Exposure to credit risk arises primarily from its financing activities to customers.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debts losses during the Relevant Period.

The credit risk of the Group's other financial assets, which mainly comprise cash and pledged deposits, other receivables, amounts due from directors, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at December 31, 2010 and 2011, all loan receivables were in the credit period.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are being closely monitored on an ongoing basis.

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The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, was as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2012					
Interest-bearing bank loans and other borrowings	—	54,358	889,384	1,793,984	2,737,726
Trade and bills payables	1,915,344	16,343	1,000	—	1,932,687
Other payables	195,994	—	—	—	195,994
Due to shareholders	18,136	—	—	—	18,136
Due to related companies	213,980	—	—	—	213,980
	<u>2,343,454</u>	<u>70,701</u>	<u>890,384</u>	<u>1,793,984</u>	<u>5,098,523</u>
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2011					
Interest-bearing bank loans and other borrowings	—	13,205	279,352	1,085,995	1,378,552
Trade and bills payables	963,353	17,900	—	—	981,253
Other payables	317,365	—	—	—	317,365
Due to shareholders	247,215	—	—	—	247,215
Due to a related party	5,000	—	—	—	5,000
Due to related companies	324,292	—	—	—	324,292
	<u>1,857,225</u>	<u>31,105</u>	<u>279,352</u>	<u>1,085,995</u>	<u>3,253,677</u>
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2010					
Interest-bearing bank loans and other borrowings	—	—	165,524	236,390	401,914
Trade and bills payables	523,362	8,000	—	—	531,362
Other payables	290,815	—	—	—	290,815
Due to shareholders	102,705	—	—	—	102,705
	<u>916,882</u>	<u>8,000</u>	<u>165,524</u>	<u>236,390</u>	<u>1,326,796</u>

(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 maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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ACCOUNTANTS' REPORT

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing loans and borrowings, trade and other payables, advances from customers, an amount due to shareholders and amounts due to related parties less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of reporting periods were as follows:

	Year ended December 31,		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Trade and bills payables	531,362	981,253	1,932,687
Other payables, deposits received and accruals	241,820	470,639	677,394
Advances from customers	1,971,779	2,434,284	2,737,177
Interest-bearing bank loans and other borrowings	322,000	1,223,340	2,399,560
Due to shareholders	102,705	247,215	18,136
Due to related companies	—	324,292	213,980
Due to a related party	—	5,000	—
Less: Cash and cash equivalents	(174,963)	(515,781)	(755,451)
Net debt	2,994,703	5,170,242	7,223,482
Equity attributable to owners of the parent	591,672	822,588	1,319,693
Total capital and net debt	3,586,375	5,992,830	8,543,175
Gearing ratio	84%	86%	85%

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or its subsidiaries in respect of any period subsequent to December 31, 2012.

Yours faithfully,

Ernst & Young
Certified Public Accountants
 Hong Kong

APPENDIX III

PROPERTY VALUATION

The following is a text of the letter, summary of values and valuation certificates, prepared for inclusion in this document, received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuations as of February 28, 2013 of the properties held by the Group.

Wuzhou International Holdings Limited
19th Floor
Columbus Plaza Tower B
287 Guangyi Road
Wuxi
Jiangsu Province
PRC



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

May 31, 2013

Dear Sirs,

In accordance with the instructions for us to value the properties held by Wuzhou International Holdings Limited (hereinafter referred to as the "Company") or 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 of values of such properties as at February 28, 2013 (the "date of valuation") for inclusion in a Document.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In valuing the properties in Group I, which are held by the Group for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

APPENDIX III

PROPERTY VALUATION

In valuing the properties in Groups II and III, which are held by the Group under development in the PRC and held by the Group for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us or by direct comparison approach by making reference to comparable sales transactions as available in the market assuming sale with the benefit of vacant possession. For the properties with development proposals provided, we have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments.

In valuing the properties in Group IV, which are held by the Group for investment, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the properties on the basis of capitalization of net incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing the properties in Group V, which are intended to be acquired by the Group, we have attributed no commercial values to these properties mainly due to the lack of legal titles to the properties.

In valuing the properties in Group VI, which are leased by the Group in the PRC, we have assigned no commercial values to the properties, due to either to the short-term nature of the leases or the prohibition against assignments or sub-letting or otherwise due to lack of substantial profit rents.

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal adviser on PRC laws, Global Law Office, on the title to the properties. We have also accepted information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and wherever possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for the development thereon. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

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PROPERTY VALUATION

The site inspections were carried out during the period from January 25, 2013 to March 10, 2013 by our professional valuers and some other assistants.

Unless otherwise stated, all money amounts stated in our valuation certificates are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Mr Anthony C K Lau is a qualified surveyor and has over 20 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

APPENDIX III

PROPERTY VALUATION

SUMMARY OF VALUES

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
Group I – Properties held by the Group for sale in the PRC				
1.	Portion of Phases I, II and III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	17,700,000	100%	17,700,000
2.	Portion of Phases I and II of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	164,700,000	100%	164,700,000
3.	Portion of Zones B and C of Wuxi Wuzhou International Chinese Food Culture Exposition City, East of the junction of Jianghai Road and Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	26,300,000	51%	13,413,000
4.	Portion of Phases I and II of Wuxi Wuzhou International Columbus Plaza, No. 289 Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	607,600,000	64.3%	390,686,800
5.	Portion of Phase I of Dali Wuzhou International Trade City, Mangjiang Area, Xiaguan, Dali, Yunnan Province, PRC	144,600,000	100%	144,600,000

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
6.	Portion of Meicun Wuzhou International Plaza, Junction of Xinyou North Road and Xiyi Road, New Area, Wuxi, Jiangsu Province, PRC	15,100,000	90%	13,590,000
7.	Portion of Yangjian Wuzhou International Plaza, Junction of Shenyang Road and Yucai Road Xishan District, Wuxi, Jiangsu Province, PRC	4,200,000	100%	4,200,000
8.	Portion of Phase I of Rongchang Wuzhou Hardware Ornamental City, Yingbin Avenue, Rongchang County, Chongqing, PRC	360,500,000	94%	338,870,000
Group I Sub-total:		<u>1,340,700,000</u>		<u>1,087,759,800</u>

Group II — Properties held by the Group for under development in the PRC

9.	Zone C of Phase II of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	310,300,000	100%	310,300,000
10.	Portion of Phase I of Rongchang Wuzhou Hardware Ornamental City, Yingbin Avenue, Rongchang County, Chongqing, PRC	715,000,000	94%	672,100,000
11.	Portion of Phases I and II of Dali Wuzhou International Trade City, Mangjiang Area, Xiaguan, Dali, Yunnan Province, PRC	509,000,000	100%	509,000,000

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
12.	Portion of Phase III of Wuxi Wuzhou International Chinese Food Culture Exposition City, East of the junction of Jianghai Road and Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	990,300,000	51%	505,053,000
13.	Hangzhou Wuzhou International Plaza, West of Gudun Road, Xihu District, Hangzhou, Zhejiang Province, PRC	1,179,200,000	100%	1,179,200,000
14.	Yancheng Wuzhou International Plaza, No. 38 Yingbin South Road, Tinghu District, Yancheng, Jiangsu Province, PRC	712,700,000	100%	712,700,000
15.	Portion of Huaian Wuzhou International Plaza, Donghu South Road, Xuyi County, Huaian, Jiangsu Province, PRC	711,800,000	100%	711,800,000
16.	Portion of Wuxi New District Columbus Plaza, Junction of Changjiang North Road and Hongyuan Road, New Zone, Wuxi, Jiangsu Province, PRC	958,400,000	59%	565,456,000
17.	Portion of Yangjian Wuzhou International Plaza, Junction of Shenyang Road and Yucai Road, Xishan District, Wuxi, Jiangsu Province, PRC	507,500,000	100%	507,500,000

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
18.	Portion of Phase III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	616,400,000	100%	616,400,000
19.	Nantong Wuzhou International Plaza, No. 98 Zhongxiu Central Road, Chongchuan District, Nantong, Jiangsu Province, PRC	1,645,800,000	51%	839,358,000
20.	Phase I of Jianhu Wuzhou International Trade City, Junction of Jianbao Road and Mingzhu Road, Jianhu County, Yancheng, Jiangsu Province, PRC	541,600,000	100%	541,600,000
21.	Luoshe Wuzhou Columbus Plaza, Luozechong Road, Huishan District, Wuxi, Jiangsu Province, PRC	419,500,000	100%	419,500,000
22.	Portion of Phase I of Leling Wuzhou International Ornamental City, West of Huiyuan Avenue, North of Fusheng West Road, Leling, Shandong Province, PRC	94,700,000	51%	48,297,000
23.	Phase I of Xiangyang Wuzhou International Industrial Exhibition City, Xiangzhou District, Xiangyang, Hubei Province, PRC	708,100,000	100%	708,100,000

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
24.	Yantai Wuzhou International Industrial Exhibition City, West of Qiquan Road and South of Fenghuangshan Road, Fushan District, Yantai, Shandong Province, PRC	223,800,000	95%	212,610,000
25.	Portion of China Longkou Wuzhou International Trade City, West of Nanshan Road, South of Longquan Road, Longkou, Yantai, Shandong Province, PRC	77,300,000	95%	73,435,000
Group II Sub-total:		<u>10,921,400,000</u>		<u>9,132,409,000</u>

Group III — Properties held by the Group for future development in the PRC

26.	Phase II of Jianhu Wuzhou International Trade City, Junction of Jianbao Road and Mingzhu Road, Jianhu County, Yancheng, Jiangsu Province, PRC	139,700,000	100%	139,700,000
27.	Phase II of Rongchang Wuzhou Hardware Ornamental City, Yingbin Avenue, Rongchang County, Chongqing, PRC	135,800,000	94%	127,652,000
28.	Portion of Huaian Wuzhou International Plaza, Donghu South Road, Xuyi County, Huaian, Jiangsu Province, PRC	100,000,000	100%	100,000,000

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
29.	Portion of China Longkou Wuzhou International Trade City, West of Nanshan Road, South of Longquan Road, Longkou, Yantai, Shandong Province, PRC	66,200,000	95%	62,890,000
30.	Portion of Phase I and Phase II of Leling Wuzhou International Ornamental City, West of Huiyuan Avenue, North of Fusheng West Road, Leling, Shandong Province, PRC	230,500,000	51%	117,555,000
31.	Sheyang Wuzhou International Plaza, North of Xingfu Road, East of Haiyue Road, Xincheng District, Sheyang County, Yancheng, Jiangsu Province, PRC	111,000,000	100%	111,000,000
32.	Jianhu China Green Light Exposition City, Junction of Jianbao Road and Mingzhu Road, Jianhu County, Yancheng, Jiangsu Province, PRC	25,500,000	100%	25,500,000
33.	Portion of Phase III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huaxin Village, Qianqiao Town, Huishan District, Wuxi, Jiangsu Province, PRC	27,600,000	100%	27,600,000
34.	Portion of Phase II and Phases III to IV of Dali Wuzhou International Trade City, Mangjiang Area, Xiaguan, Dali, Yuannan Province, PRC	1,450,400,000	100%	1,450,400,000

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
35.	Jiangyin Wuzhou International Plaza, Zhencheng Road, Xiaohu Village, Huangtu Town, Jiangyin, Wuxi, Jiangsu Province, PRC	481,500,000	90%	433,350,000
36.	Portion of Phases I and II of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	438,200,000	100%	438,200,000
37.	Phases II and III of Xiangyang Wuzhou International Industrial Exhibition City, Xiangzhou District, Xiangyang, Hubei Province, PRC	433,800,000	100%	433,800,000
38.	Qian Zhou Wuzhou International Plaza, West of Zhongxing Road and North of Xingyu Road, Qianzhou, Huishan District, Wuxi, Jiangsu Province, PRC	108,000,000	100%	108,000,000
39.	Wuzhou International Automobile Exhibition City, Tongzhou Industrial Park, Nantong, Jiangsu Province, PRC	260,000,000	75%	195,000,000
40.	Baoshan Wuzhou International Plaza East of Zhengyang North Road, Longyang District, Baoshan, Yunnan Province, PRC	102,000,000	80%	81,600,000
Group III Sub-total:		<u>4,110,200,000</u>		<u>3,852,247,000</u>

APPENDIX III

PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
Group IV – Properties held by the Group for investment in the PRC				
41.	Portion of Phases I to III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	336,500,000	100%	336,500,000
42.	Portion of Phase I of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	155,800,000	100%	155,800,000
43.	Portion of Phases I and II of Wuxi Wuzhou International Columbus Plaza, No. 289 Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	659,000,000	64.3%	423,737,000
44.	Portion of Meicun Wuzhou International Plaza, Junction of Xinyou North Road and Xiyi Road, New Area, Wuxi, Jiangsu Province, PRC	273,000,000	90%	245,700,000
45.	Portion of Zones B and C of Wuxi Wuzhou International Chinese Food Culture Exposition City, East of the junction of Jianghai Road and Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	85,000,000	51%	43,350,000
Group IV Sub-total:		<u>1,509,300,000</u>		<u>1,205,087,000</u>

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PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
Group V — Properties intended to be acquired by the Group in the PRC				
46.	A parcel of land located at West of Nanshan Road, South of Longquan Road, Longkou, Yantai, Shandong Province, PRC	No commercial value		No commercial value
47.	A parcel of land located at West of 3 rd Ring Road and North of 304 National Highway, Yuhong District, Shenyang, Liaoning Province, PRC	No commercial value		No commercial value
48.	A parcel of land located at North of 310 National Highway and East of Qinling Road, Jianxi District, Luoyang, Henan Province, PRC	No commercial value		No commercial value
49.	A parcel of land located at North of Dainan Avenue, Xinghua, Taizhou, Jiangsu Province, PRC	No commercial value		No commercial value
50.	A parcel of land located at East of Yingbin Avenue and North of Chengnan Avenue, Rongchang, Chongqing, PRC	No commercial value		No commercial value
Group V Sub-total:		<u>Nil</u>		<u>Nil</u>

APPENDIX III

PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
Group VI – Properties leased by the Group in the PRC				
51.	Level 4, Block 5, Jinxiuyuan, Yancheng, Jiangsu Province, PRC	No commercial value		No commercial value
52.	Level 4, No. 1 of Block 6, Renhe Xiaoqu Er Zhi Lu, Banqiao Industrial Zone, Rongchang, Sichuan Province, PRC	No commercial value		No commercial value
53.	Units 505, 507 and 509 to 515, Level 5, Jiande Shangwu Dasha, Zhoulong Road, Zhoucun District, Zibo, Shandong Province, PRC	No commercial value		No commercial value
54.	Unit 2005, Level 20, Bo Run International Tower, No. 17 Beier East Road, Tiexi District, Shenyang, Liaoning Province, PRC	No commercial value		No commercial value
55.	Units 2006 and 2007, Level 20, Bo Run International Tower, No. 17 Beier East Road, Tiexi District, Shenyang, Liaoning Province, PRC	No commercial value		No commercial value
56.	Unit 2212, Level 22, Bo Run International Tower, No. 17 Beier East Road, Tiexi District, Shenyang, Liaoning Province, PRC	No commercial value		No commercial value

APPENDIX III

PROPERTY VALUATION

No.	Property	Market value in existing state as at February 28, 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at February 28, 2013 (RMB)
57.	Unit 506, Dongfang Yinzuo, Huilong Town, Qidong, Nantong, Jiangsu Province, PRC	No commercial value		No commercial value
58.	Room 903 on Level 9, Forte Jia Nian Hua Plaza, Junction of Xincheng Avenue and Boxue Road, Jingyue District, Changchun, Jilin Province, PRC	No commercial value		No commercial value
59.	Room 904 on Level 9, Forte Jia Nian Hua Plaza, Junction of Xincheng Avenue and Boxue Road, Jingyue District, Changchun, Jilin Province, PRC	No commercial value		No commercial value
60.	19th Floor, Columbus Plaza Tower B, No. 287 Guangyi Road, Wuxi, Jiangsu Province, PRC	No commercial value		No commercial value
61.	Units E6-213 and E6-215, Phase I of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	No commercial value		No commercial value
Group VI Sub-total:		Nil		Nil
Grand total:		17,881,600,000		15,277,502,800

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
1.	Portion of Phases I, II and III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Ornamental City (the "Development") is a large-scale composite development erected on eleven parcels of land with a total site area of approximately 266,623.90 sq.m. (2,869,940 sq.ft.).</p> <p>The property comprises various office and commercial units of Phases I, II and III of the Development with a total gross floor area of approximately 2,315.91 sq.m. (24,928 sq.ft.) and was completed in between 2008 and 2011.</p> <p>The land use rights of the property have been granted for two terms expiring on June 22, 2043 and June 25, 2043 for commercial use.</p>	As at the date of valuation, portion of the office units were occupied by the Group for office purposes while the remaining portion of the property was vacant.	<p>RMB17,700,000 (100% interest attributable to the Group: RMB17,700,000)</p>

Notes:

- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Wuxi, the land use rights of eleven parcels of land with a total site area of 266,623.90 sq.m. have been granted to Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"). Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Xi Hui Guo Yong (2006) Di No. 1248	11,741.80	Commercial : June 22, 2043
2.	Xi Hui Guo Yong (2006) Di No. 1249	32,126.60	Commercial : June 25, 2043
3.	Xi Hui Guo Yong (2007) Di No. 1073	9,000.20	Commercial : June 22, 2043
4.	Xi Hui Guo Yong (2007) Di No. 1074	9,000.20	Commercial : June 22, 2043
5.	Xi Hui Guo Yong (2007) Di No. 1075	9,186.20	Commercial : June 22, 2043
6.	Xi Hui Guo Yong (2007) Di No. 1130	7,868.40	Commercial : June 22, 2043
7.	Xi Hui Guo Yong (2007) Di No. 1131	95,676.60	Commercial : June 22, 2043
8.	Xi Hui Guo Yong (2007) Di No. 1132	22,717.90	Commercial : June 22, 2043
9.	Xi Hui Guo Yong (2007) Di No. 1133	20,555.30	Commercial : June 22, 2043
10.	Xi Hui Guo Yong (2007) Di No. 1134	33,009.60	Commercial : June 22, 2043
11.	Xi Hui Guo Yong (2007) Di No. 1135	15,741.10	Commercial : June 22, 2043
Total:		266,623.90	

- Pursuant to 1,111 Building Ownership Certificates, the building ownership rights of various buildings with a total gross floor area of 40,267,38 sq.m. are vested in Wuxi Wuzhou Ornament City.

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of the valuation, portion of the property with a total gross floor area of approximately 51.26 sq.m. has been pre-sold at a total consideration of RMB507,000. We have taken into account such amount in our valuation.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Wuzhou Ornament City has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Wuzhou Ornament City has acquired the building ownership rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the building ownership rights; and
 - as confirmed by Wuzhou Ornament City, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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PROPERTY VALUATION

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
2.	Portion of Phases I and II of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Industrial Exhibition City (the "Development") is a large-scale composite development erected on two parcels of land with a total site area of approximately 293,118.70 sq.m. (3,155,130 sq.ft.).</p> <p>The property comprises various commercial and office units of Phases I and II of the Development with a total gross floor area of approximately 18,998.01 sq.m. (204,495 sq.ft.) and was completed in between 2010 and 2012.</p> <p>The land use rights of the property have been granted for a term expiring on January 14, 2048 for commercial use.</p>	As at the date of valuation, the property was vacant.	RMB164,700,000 (100% interest attributable to the Group: RMB164,700,000)

Notes:

- Pursuant to two State-owned Land Use Rights Certificates — Xi Xin Guo Yong (2008) Di Nos. 16 and 17 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 293,118.70 sq.m. have been granted to Wuxi Zhongnan Property Investment Co., Ltd. ("Wuxi Zhongnan") for a term expiring on January 14, 2048 for commercial use.
- Pursuant to nine Pre-sale Permits — (2008) Yu Xiao Zhun Zi Di Nos. 084, 114 and 127, (2009) Yu Xiao Zhun Zi Di Nos. 024, 033 and 114, (2010) Yu Xiao Zhun Zi Di No. 166 and (2011) Yu Xiao Zhun Zi Di Nos. 023 and 090, Wuxi Zhongnan is permitted to pre-sell the property.
- Pursuant to 100 Certificates of Completion — Xi Bei Zi 2009-316 to 365, 2010-332 to 336, 2011-172 to 207, 2012-049 to 052 and 2012-147 to 150, the property was certified to be completed.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 6,057.11 sq.m. has been pre-sold at a total consideration of RMB42,600,000. We have taken into account such amount in our valuation.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Zhongnan has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Zhongnan has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi Zhongnan has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi Zhongnan, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
3.	Portion of Zones B and C of Wuxi Wuzhou International Chinese Food Culture Exposition City, East of the junction of Jianghai Road and Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Chinese Food Culture Exposition City (the "Development") is a large-scale composite development erected on three parcels of land with a total site area of approximately 39,980.20 sq.m. (430,347 sq.ft.).</p> <p>The property comprises various commercial units of Zones B and C of the Development with a total gross floor area of approximately 2,892.92 sq.m. (31,139 sq.ft.) and was completed in 2011 and 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on December 24, 2048 and December 24, 2058 for commercial office and commercial (5-star hotel) uses respectively.</p>	As at the date of valuation, the property was vacant.	<p>RMB26,300,000 (51% interest attributable to the Group: RMB13,413,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Certificates — Xi Chong Guo Yong (2009) Di Nos. 77, 78 and 79 issued by the People's Government of Wuxi, the land use rights of three parcels of land with a total site area of 39,980.20 sq.m. have been granted to Wuxi Longxiang Investment Co., Ltd. ("Wuxi Longxiang") for two terms expiring on December 24, 2048 and December 24, 2058 for commercial office and commercial (5-star hotel) uses respectively.
- Pursuant to three Pre-sale Permits — (2009) Yu Xiao Zhun Zi Di No.131, (2010) Yu Xiao Zhun Zi Di No. 086 and (2011) Yu Xiao Zhun Zi Di No. 019, Wuxi Longxiang is permitted to pre-sell the property.
- Pursuant to three Certificates of Completion — Xi Bei Zi 2163, 2206 and 2643, portion of the Development was certified to be completed.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 128.87 sq.m. has been pre-sold at a total consideration of RMB800,000. We have taken into account such amount in our valuation.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Longxiang has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Longxiang has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi Longxiang has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi Longxiang, the property is free from any seizures, mortgages or other kinds of limitations.

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Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
4.	Portion of Phases I and II of Wuxi Wuzhou International Columbus Plaza, No. 289 Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Columbus Plaza (the "Development") is a large-scale commercial development erected on two parcels of land with a total site area of approximately 69,251.40 sq.m. (745,422 sq.ft.).</p> <p>The property comprises various office and commercial units of Phases I and II of the Development with a total gross floor areas of approximately 46,550.30 sq.m. (501,067 sq.ft.) and was completed in between 2010 and 2012.</p> <p>The land use rights of the property have been granted for three terms expiring on December 26, 2047, December 25, 2048 and December 25, 2058 for commercial (market) and office uses respectively.</p>	<p>As at the date of valuation, portion of the commercial units of the property with a total gross floor area of 709.79 sq.m. were subject to various tenancies with the latest term due to expire on June 30, 2019 at a total annual rental of approximately RMB1,100,000.</p> <p>The remaining portion of the property was vacant.</p>	<p>RMB607,600,000 (64.3% interest attributable to the Group: RMB390,686,800)</p>

Notes:

- Pursuant to two State-owned Land Use Rights Certificates — Xi Chong Guo Yong (2008) Di No. 2 and Xi Chong Guo Yong (2011) Di No. 19 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 69,251.40 sq.m. have been granted to Wuxi Chonganxincheng Longan Property Co., Ltd. ("Wuxi Longan") for three terms expiring on December 26, 2047, December 25, 2048 and December 25, 2058 for commercial (market) and office uses respectively.
- Pursuant to three Pre-sale Permits — (2010) Yu Xiao Zhun Zi Di Nos. of 097 and 143 and (2011) Yu Xiao Zhun Zi Di No. 022, Wuxi Longan is permitted to pre-sell the property.
- Pursuant to five Certificates of Completion — Xi Bei Zi Nos. 2403 to 2406 and 2644, the property was certified to be completed.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 23,856.95 sq.m. has been pre-sold at a total consideration of RMB251,900,000. We have taken into account such amount in our valuation.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Longan has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Longan has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi Longan has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi Longan, the property is free from any seizures, mortgages or other kinds of limitations.

APPENDIX III

PROPERTY VALUATION

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Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
5.	Portion of Phase I of Dali Wuzhou International Trade City, Mangjiang Area, Xiaguan, Dali, Yunnan Province, PRC	<p>Dali Wuzhou International Trade City (the "Development") is a large-scale composite development erected on eleven parcels of land with a total site area of approximately 288,120.70 sq.m. (3,101,331 sq.ft.).</p> <p>The property comprises various commercial and residential units of portion of Phase I of the Development with a total gross floor area of approximately 30,389.40 sq.m. (327,112 sq.ft.) and was completed in 2012.</p> <p>The land use rights of the property have been granted for a term expiring on October 12, 2050 for wholesale retail and commercial finance uses.</p>	As at the date of valuation, the property was vacant.	<p>RMB144,600,000 (100% interest attributable to the Group: RMB144,600,000)</p>

Notes:

- Pursuant to eleven State-owned Land Use Rights Grant Contracts — Nos. CR53 Da Li Shi 2010048-5, 2010049-6, 2010050-6, 2010051-6, 2010052-6, 2010053-4, 2010054-6, 2010055-5, 2010056-6, 2010057-6 and 2010058-6 and its eleven supplementary agreements dated October 12, 2010, eleven parcels of land with a total site area of approximately 288,120.70 sq.m. were contracted to be granted to Dali Wuzhou International Commercial City Co., Ltd. ("Dali Wuzhou") at a total land grant fee of RMB216,090,345 for a term of 40 years for wholesale retail and commercial finance uses.
- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Dali, the land use rights of eleven parcels of land with a total site area of 288,120.70 sq.m. have been granted to Dali Wuzhou. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Da Guo Yong (2011) Di No. 00626	46,843.67	Wholesale retail: October 25, 2050
2.	Da Guo Yong (2011) Di No. 00627	27,186.60	Wholesale retail: October 25, 2050
3.	Da Guo Yong (2011) Di No. 01228	26,947.31	Wholesale retail: October 25, 2050
4.	Da Guo Yong (2011) Di No. 01229	17,818.11	Wholesale retail: October 25, 2050
5.	Da Guo Yong (2011) Di No. 01230	41,829.09	Wholesale retail: October 25, 2050
6.	Da Guo Yong (2011) Di No. 01231	23,010.32	Wholesale retail: October 25, 2050
7.	Da Guo Yong (2011) Di No. 01232	10,471.00	Wholesale retail: October 25, 2050
8.	Da Guo Yong (2011) Di No. 01233	20,731.04	Wholesale retail: October 25, 2050
9.	Da Guo Yong (2011) Di No. 01234	13,346.64	Wholesale retail: October 25, 2050
10.	Da Guo Yong (2012) Di No. 00971	39,985.97	Commercial finance: October 25, 2050
11.	Da Guo Yong (2012) Di No. 00972	19,950.95	Commercial finance: October 25, 2050
Total:		288,120.70	

- Pursuant to nine Pre-sale Permits — Da Li Yu Xu Kai Fa Qu Zi Nos. (2011-010), (2011-007), (2011-015), (2011-019), (2011-021), (2011-022), (2012-001), (2012-012) and (2012-013), Dali Wuzhou is permitted to pre-sell the property.
- Pursuant to Certificate of Completion — No. Jun Zi (2012) 65, the property was certified to be completed.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 1,198.00 sq.m. has been pre-sold at a total consideration of RMB9,900,000. We have taken into account such amount in our valuation.

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7. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:-
 - i. Dali Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Dali Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Dali Wuzhou has acquired the requisite approvals to pre-sell the property; and
 - iv. as confirmed by Dali Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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PROPERTY VALUATION

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
6.	Portion of Meicun Wuzhou International Plaza, Junction of Xinyou North Road and Xiyi Road, New Area, Wuxi, Jiangsu Province, PRC	<p>Meicun Wuzhou International Plaza (the "Development") is a large-scale composite development erected on a parcel of land with a site area of approximately 23,677.40 sq.m. (254,864 sq.ft.).</p> <p>The property comprises various commercial units of the Development with a total gross floor area of approximately 1,962.18 sq.m. (21,121 sq.ft.) and was completed in 2012.</p> <p>The land use rights of the property have been granted for two terms expiring on January 19, 2050 and January 19, 2060 for commercial and office uses respectively.</p>	As at the date of valuation, the property was vacant.	<p>RMB15,100,000 (90% interest attributable to the Group: RMB13,590,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202032010CR0006 dated January 20, 2010 and its supplementary agreement dated May 14, 2010, a parcel of land with a site area of approximately 23,677.40 sq.m. was contracted to be granted to Wuxi Wuzhou International Property Co., Ltd. ("Wuxi International Property") at a land grant fee of RMB106,000,000 for two terms of 40 and 50 years for commercial and office uses respectively.
- Pursuant to the State-owned Land Use Rights Certificate — Xi Xin Guo Yong (2010) Di No. 025 issued by the People's Government of Wuxi, the land use rights of a parcel of land with a site area of 23,677.40 sq.m. have been granted to Wuxi International Property for two terms expiring on January 19, 2050 and January 19, 2060 for commercial and office uses respectively.
- Pursuant to the Pre-sale Permit — (2011) Yu Xiao Zhun Zi Di No. 063, Wuxi International Property is permitted to pre-sell the property.
- Pursuant to eight Certificates of Completion — Nos. Xi Bei 2012-353 to 360, the property was certified to be completed.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi International Property has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi International Property has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi International Property has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi International Property, the property is free from any seizures, mortgages or other kinds of limitations.

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PROPERTY VALUATION

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
7.	Portion of Yangjian Wuzhou International Plaza, Junction of Shenyang Road and Yucai Road Xishan District, Wuxi, Jiangsu Province, PRC	<p>Yangjian Wuzhou International Plaza (the "Development") is a large-scale composite development erected on two parcels of land with a total site area of approximately 54,338.00 sq.m. (584,894 sq.ft.)</p> <p>The property comprises six commercial units of portion of the Development with a total gross floor area of approximately 265.57 sq.m. (2,859 sq.ft.) and was completed in 2012.</p> <p>The land use rights of the property have been granted for two terms expiring on May 25, 2051 and May 25, 2081 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was vacant.	RMB4,200,000 (100% interest attributable to the Group: RMB4,200,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202832011CR0011 dated February 15, 2011 and its supplementary agreement dated March 21, 2011, a parcel of land with a site area of approximately 54,338.00 sq.m. was contracted to be granted to Wuxi Wuzhou Commercial Investment Co., Ltd. ("Wuxi Property Investment") at a land grant fee of RMB135,000,000 for two terms of 40 and 70 years for commercial and residential uses respectively.
- Pursuant to two State-owned Land Use Rights Certificates — Xi Xi Guo Yong (2011) Di Nos. 0012 and 0013 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 54,338.00 sq.m. have been granted to Wuxi Property Investment for two terms expiring on May 25, 2051 and May 25, 2081 for commercial and residential uses respectively.
- Pursuant to five Pre-sale Permits — Xi Shan Yu Xiao Zhun Zi Di Nos. 17, 25, 26, 28 and 34, Wuxi Property Investment is permitted to pre-sell portion of the Development with a total gross floor area of 74,517.36 sq.m.
- Pursuant to five Certificates of Completion — Xi Bei Zi Nos. 2012087, 2013-019-1, 2013-019-2, 2013-019-3 and 2013-019-4, the property was certified to be completed.
- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Property Investment has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Property Investment has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi Property Investment, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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PROPERTY VALUATION

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
8.	Portion of Phase I of Rongchang Wuzhou Hardware Ornamental City, Yingbin Avenue, Rongchang County, Chongqing, PRC	<p>Rongchang Wuzhou Hardware Ornamental City (the "Development") is a large-scale composite development erected on four parcels of land with a total site area of approximately 266,831.00 sq.m. (2,872,169 sq.ft.).</p> <p>The property comprises various residential and commercial units of portion of the Development with a total gross floor area of approximately 85,350.00 sq.m. (918,707 sq.ft.) and was completed in 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on July 28, 2051 for commercial use and November 23, 2061 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was vacant.	RMB360,500,000 (94% interest attributable to the Group: RMB338,870,000)

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts — Yu Fu De (2010) He Zi (Rong Chang) Di No. 64, Fu De (2011) He Zi (Rong Chang) Di No. 26 and Yu Fu De (2011) He Zi (Rong Chang) Di No. 33 dated between October 30, 2010 and November 24, 2011 and its three supplementary agreements dated between July 9, 2012 and October 10, 2012, three parcels of land with a total site area of approximately 266,831.00 sq.m. were contracted to be granted to Rongchang Wuzhou Hardware Ornament City Co., Ltd. ("Rongchang Wuzhou") at a total land grant fee of RMB203,281,100 for two terms of 40 and 50 years for commercial and residential uses respectively.
- Pursuant to four State-owned Land Use Rights Certificate — 2011D Fang Di Zheng 2011 Zi Di Nos. 280 and 281, 2011 Fang Di Zheng 2011 Zi Di No. 125 and 211D Fang Di Zheng 2012 Zi Di No. 140 issued by Chongqing Rongchang County State Land Resources and Housing Administrative Bureau, the land use rights of four parcels of land with a total site area of 266,831.00 sq.m. have been granted to Rongchang Wuzhou for two terms expiring on July 28, 2051 for commercial use and November 23, 2061 for commercial and residential uses respectively.
- Pursuant to three Construction Land Planning Permit — Di Zi Di Nos. 500226201100027, 500226201100184 and 50022620120087, Rongchang Wuzhou was permitted to use three parcels of land with a total site area of 266,831.00 sq.m. for development.
- Pursuant to two Construction Work Planning Permit — Jian Zi Di Nos. 500226201100092 and 500226201100094, the construction work of the Development was permitted with a total development scale of 278,757.11 sq.m.
- Pursuant to two Construction Work Commencement Permit — Nos. 500226201108120201 and 500226201108120101, the construction work of the property with a construction scale of 278,757.00 sq.m. was permitted to commence.
- Pursuant to seven Pre-sale Permits — Rong Guo Tu Fang Guan (2011) Yu Zi Di Nos. 033, 035, 045, 049, 050, 051 and (2012) Yu Zi Di No. 006, Rongchang Wuzhou is permitted to pre-sell portion of the Development with a total gross floor area of 273,186.70 sq.m.
- Pursuant to two Certificates of Completion — Rong Chang Jian Jun Bei Zi [2013] Nos. 13 and 14, the property was certified to be completed.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, the outstanding construction cost was RMB38,400,000. We have taken into account such amount in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 80,827.87 sq.m. has been pre-sold at a total consideration of about RMB374,400,000. We have taken into account such amount in our valuation.

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PROPERTY VALUATION

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. Rongchang Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Rongchang Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Rongchang Wuzhou has acquired the requisite approvals to pre-sell the property; and
 - iv. as confirmed by Rongchang Wuzhou, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
9.	Zone C of Phase II of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Industrial Exhibition City (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 293,118.70 sq.m. (3,155,130 sq.ft.).</p> <p>The property will comprise various commercial and office units and car parking spaces of Zone C of Phase II of the Development with a total gross floor area of approximately 81,846.50 sq.m. (880,996 sq.ft.) and is planned to be completed in 2014.</p> <p>The land use rights of the property have been granted for a term expiring on January 14, 2048 for commercial use.</p>	As at the date of valuation, the property was under development.	RMB310,300,000 (100% interest attributable to the Group: RMB310,300,000)

Notes:

- Pursuant to two State-owned Land Use Rights Certificates — Xi Xin Guo Yong (2008) Di Nos. 16 and 17 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 293,118.70 sq.m. have been granted to Wuxi Zhongnan Property Investment Co., Ltd. ("Wuxi Zhongnan") for a term expiring on January 14, 2048 for commercial use.
- Pursuant to the Construction Land Planning Permit — Xi Xin Gui Di Xu (2007) Di No. 152, Wuxi Zhongnan was permitted to use a parcel of land with a site area of 372,490.00 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 3202012012X0149, the construction work of the property was permitted with a development scale of 81,846.49 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 320291020120095, the construction work of the property with a construction scale of 81,846.49 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — (2013) Yu Xiao Zhun Zi Di No. 001, Wuxi Zhongnan is permitted to pre-sell portion of the property with a gross floor area of 65,077.78 sq.m.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB96,300,000 and RMB150,200,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 21,279.17 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB80,200,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB622,600,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Zhongnan has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Zhongnan has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi Zhongnan has acquired the requisite approvals to pre-sell portion of the property; and
 - as confirmed by Wuxi Zhongnan, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
10.	Portion of Phase I of Rongchang Wuzhou Hardware Ornamental City, Yingbin Avenue, Rongchang County, Chongqing, PRC	<p>Rongchang Wuzhou Hardware Ornamental City (the "Development") is a large-scale composite development to be erected on four parcels of land with a total site area of approximately 266,831.00 sq.m. (2,872,169 sq.ft.).</p> <p>The property will comprise various commercial, office and residential units and car parking spaces of portion of Phase I of the Development with a total gross floor area of approximately 193,406.99 sq.m. (2,081,833 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on July 28, 2051 for commercial use and November 23, 2061 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was under development.	<p>RMB715,000,000 (94% interest attributable to the Group: RMB672,100,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts — Yu Fu Di (2010) He Zi (Rong Chang) Di No. 64, Yu Fu Di (2011) He Zi (Rong Chang) Di No. 26 and Yu Fu Di (2011) He Zi (Rong Chang) Di No. 33 dated between October 30, 2010 and November 24, 2011 and its three supplementary agreements dated between July 9, 2012 and October 10, 2012, three parcels of land with a total site area of approximately 266,831.00 sq.m. were contracted to be granted to Rongchang Wuzhou Hardware Ornament City Co., Ltd. ("Rongchang Wuzhou") at a total land grant fee of RMB203,281,100 for two terms of 40 and 50 years for commercial and residential uses respectively.
- Pursuant to four State-owned Land Use Rights Certificate — 2011D Fang Di Zheng 2011 Zi Di Nos. 280 and 281, 2011 Fang Di Zheng 2011 Zi Di No. 125 and 211D Fang Di Zheng 2012 Zi Di No. 140 issued by Chongqing Rongchang County State Land Resources and Housing Administrative Bureau, the land use rights of four parcels of land with a total site area of 266,831.00 sq.m. have been granted to Rongchang Wuzhou for two terms expiring on July 28, 2051 and November 23, 2061 for commercial and residential uses respectively.
- Pursuant to three Construction Land Planning Permits — Di Zi Di Nos. 500226201100027, 500226201100184 and 500226201200087, Rongchang Wuzhou was permitted to use three parcels of land with a total site area of 266,831.00 sq.m. for development.
- Pursuant to two Construction Work Planning Permits — Jian Zi Di Nos. 500226201100092 and 500226201100094, the construction work of portions of the Development was permitted with a total development scale of 278,757.11 sq.m.
- Pursuant to two Construction Work Commencement Permits — Nos. 500226201108120201 and 500226201108120101, the construction work of the property with a construction scale of 278,757.00 sq.m. was permitted to commence.
- Pursuant to seven Pre-sale Permits, Rongchang Wuzhou is permitted to pre-sell portion of the Development with a total gross floor area of 273,186.70 sq.m.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB315,900,000 and RMB83,000,000 respectively. We have taken into account such amounts in our valuation.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB937,600,000.

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PROPERTY VALUATION

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Rongchang Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Rongchang Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Rongchang Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Rongchang Wuzhou, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
11.	Portion of Phases I and II of Dali Wuzhou International Trade City, Mangjiang Area, Xiaguan, Dali, Yunnan Province, PRC	<p>Dali Wuzhou International Trade City (the "Development") is a large-scale composite development to be erected on eleven parcels of land with a total site area of approximately 288,120.70 sq.m. (3,101,331 sq.ft.).</p> <p>The property will comprise various commercial and office units of portion of Phases I and II of the Development with a total gross floor area of approximately 121,664.24 sq.m. (1,309,594 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on October 12, 2050 for wholesale retail and commercial finance uses.</p>	As at the date of valuation, the property was under development.	<p>RMB509,000,000 (100% interest attributable to the Group: RMB509,000,000)</p>

Notes:

- Pursuant to eleven State-owned Land Use Rights Grant Contracts — Nos. CR53 Da Li Shi 2010048-5, 2010049-6, 2010050-6, 2010051-6, 2010052-6, 2010053-4, 2010054-6, 2010055-5, 2010056-6, 2010057-6 and 2010058-6 and its eleven supplementary agreements dated October 12, 2010, eleven parcels of land with a total site area of approximately 288,120.70 sq.m. were contracted to be granted to Dali Wuzhou International Commercial City Co., Ltd. ("Dali Wuzhou") at a total land grant fee of RMB216,090,345 for a term of 40 years for wholesale retail and commercial finance uses.
- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Dali, the land use rights of eleven parcels of land with a total site area of 288,120.70 sq.m. are vested in Dali Wuzhou. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Da Guo Yong (2011) Di No. 00626	46,843.67	Wholesale retail: October 25, 2050
2.	Da Guo Yong (2011) Di No. 00627	27,186.60	Wholesale retail: October 25, 2050
3.	Da Guo Yong (2011) Di No. 01228	26,947.31	Wholesale retail: October 25, 2050
4.	Da Guo Yong (2011) Di No. 01229	17,818.11	Wholesale retail: October 25, 2050
5.	Da Guo Yong (2011) Di No. 01230	41,829.09	Wholesale retail: October 25, 2050
6.	Da Guo Yong (2011) Di No. 01231	23,010.32	Wholesale retail: October 25, 2050
7.	Da Guo Yong (2011) Di No. 01232	10,471.00	Wholesale retail: October 25, 2050
8.	Da Guo Yong (2011) Di No. 01233	20,731.04	Wholesale retail: October 25, 2050
9.	Da Guo Yong (2011) Di No. 01234	13,346.64	Wholesale retail: October 25, 2050
10.	Da Guo Yong (2012) Di No. 00971	39,985.97	Commercial finance: October 25, 2050
11.	Da Guo Yong (2012) Di No. 00972	19,950.95	Commercial finance: October 25, 2050
Total:		288,120.70	

- Pursuant to three Construction Land Planning Permits — Di Zi Di Nos. 532901201100002, 532901201100012 and 532901201200015, Dali Wuzhou was permitted to use three parcels of land with a total site area of 107,511.57 sq.m. for development.
- Pursuant to three Construction Work Planning Permits — Jian Zi Di Nos. 532901201100016, 532901201200062 and 532901201200063, the construction work of portion of the Development was permitted with a total development scale of 242,364.99 sq.m.
- Pursuant to three Construction Work Commencement Permits — Nos. 532901201106203001, 532901201210240101 and 532901201211070108, the construction work of portion of the Development with a construction scale of 242,974.10 sq.m. was permitted to commence.

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6. Pursuant to nine Pre-sale Permits — Da Li Yu Xu Kai Fa Qu Zi Nos. (2011-010), (2011-007), (2011-015), (2011-019), (2011-021), (2011-022), (2012-001), (2012-012) and (2012-013), Dali Wuzhou is permitted to pre-sell the property.
7. As advised, the property is subject to a mortgage.
8. As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB73,500,000 and RMB191,400,000 respectively. We have taken into account such amounts in our valuation.
9. As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 8,874.72 sq.m. has been pre-sold at a total consideration of about RMB74,900,000. We have taken into account such amount in our valuation.
10. As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 61,897.50 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB215,900,000.
11. In our opinion, the capital value of the property as if completed as at the date of valuation was RMB865,800,000.
12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Dali Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Dali Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Dali Wuzhou has acquired the requisite approvals to pre-sell the property; and
 - iv. as confirmed by Dali Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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PROPERTY VALUATION

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
12.	Portion of Phase III of Wuxi Wuzhou International Chinese Food Culture Exposition City, East of the junction of Jianghai Road and Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Chinese Food Culture Exposition City (the "Development") is a large-scale composite development to be erected on three parcels of land with a total site area of approximately 39,980.20 sq.m. (430,347 sq.ft.).</p> <p>The property will comprise portion of Zone A and Zone B of Phase III of the Development with a total gross floor area of approximately 141,809.22 sq.m. (1,526,434 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on December 24, 2048 and December 24, 2058 for commercial office and commercial (5-star hotel) uses respectively.</p>	As at the date of valuation, the property was under development.	<p>RMB990,300,000 (51% interest attributable to the Group: RMB505,053,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Certificates — Xi Chong Guo Yong (2009) Di Nos. 77, 78 and 79 issued by the People's Government of Wuxi, the land use rights of three parcels of land with a total site area of 39,980.20 sq.m. have been granted to Wuxi Longxiang Investment Co., Ltd. ("Wuxi Longxiang") for two terms expiring on December 24, 2048 and December 24, 2058 for commercial office and commercial (5-star hotel) uses respectively.
- Pursuant to the Supplementary Agreement (III) to the State-owned Land Use Rights Grant Contract, the total permitted gross floor area of the Development is increased by 34,242.40 sq.m. and the land premium payable is increased by RMB23,595,500. This amount should be paid by June 30, 2013.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320201200900171, Wuxi Longxiang was permitted to use a parcel of land with a site area of 39,249.70 sq.m. for development.
- Pursuant to three Construction Work Planning Permits — Jian Zi Di Nos. F-320201201000046, F-320201201000202 and F-320201201100324, the construction work of portion of the Development was permitted with a total development scale of 173,623.00 sq.m.
- Pursuant to three Construction Work Commencement Permits — Nos. 3202002010042700001A, 3202002010101300002A and 320200020120002, the construction work of the Development with a construction scale of 173,623.00 sq.m. was permitted to commence.
- Pursuant to two Pre-sale Permits — (2012) Yu Xiao Zhun Zi Di Nos. 045 and 089, Wuxi Longxiang is permitted to pre-sell portion of the property with a total gross floor area of 70,077.07 sq.m.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB300,900,000 and RMB104,200,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 5,437.13 sq.m. has been pre-sold at a total consideration of about RMB120,600,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of Zone A of the property with a gross floor area of approximately 14,037.36 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB95,900,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB1,394,900,000.

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11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. Wuxi Longxiang has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other means dispose of the land use rights;
 - ii. Wuxi Longxiang has acquired the requisite permits and approvals for the construction of the property;
 - iii. Wuxi Longxiang has acquired the requisite approvals to pre-sell portion of the property as mentioned in Note 6 and Wuxi Longxiang can pre-sell such portion after the land premium as mentioned in Note 2 has been fully paid; and
 - iv. as confirmed by Wuxi Longxiang, the property is free from any seizures, mortgages or other kinds of limitations.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
13.	Hangzhou Wuzhou International Plaza, West of Gudun Road, Xihu District, Hangzhou, Zhejiang Province, PRC	<p>Hangzhou Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 18,622.00 sq.m. (200,447 sq.ft.).</p> <p>The property will comprise various office and commercial units and ancillary areas of the Development with a total gross floor area of approximately 76,631.00 sq.m. (824,856 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on September 25, 2050 for commercial service use.</p>	As at the date of valuation, the property was under development.	<p>RMB1,179,200,000 (100% interest attributable to the Group: RMB1,179,200,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No 3301002009A21052 dated September 17, 2009 and its supplementary agreement dated December 17, 2009, a parcel of land with a site area of approximately 18,622.00 sq.m. was contracted to be granted to Hangzhou Longan Property Co., Ltd. ("Hangzhou Longan") at a land grant fee of RMB170,984,411 for a term of 40 years for commercial finance use.
- Pursuant to the State-owned Land Use Rights Certificate — Hang Xi Guo Yong (2010) Di No. 100165 issued by the People's Government of Hangzhou, the land use rights of a parcel of land with a site area of 18,622.00 sq.m. have been granted to Hangzhou Longan for a term expiring on September 25, 2050 for commercial service use.
- Pursuant to Construction Land Planning Permit — Di Zi Di No. 330100200900990, Hangzhou Longan was permitted to use a parcel of land with a site area of 26,914.00 sq.m. for development.
- Pursuant to Construction Work Planning Permit — Jian Zi Di No. 330100201200036, the construction work of the Development was permitted with a total development scale of 76,631.00 sq.m.
- Pursuant to Construction Work Commencement Permit — No. 330100201105200101, the construction work of the property with a construction scale of 63,207.00 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — Hang Xu Zi (2013) Di No. 005, Hangzhou Longan is permitted to pre-sell portion of the Development with a total gross floor area of 41,083.35 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB191,800,000 and RMB163,000,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 17,778.00 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB153,800,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB1,691,900,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Hangzhou Longan has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;

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- ii. Hangzhou Longan has acquired the requisite permits and approvals for the construction of the property;
- iii. Hangzhou Longan has acquired the requisite approvals to pre-sell portion of the property; and
- iv. as confirmed by Hangzhou Longan, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
14.	Yancheng Wuzhou International Plaza, No. 38 Yingbin South Road, Tinghu District, Yancheng, Jiangsu Province, PRC	<p>Yancheng Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 21,102.90 sq.m. (227,152 sq.ft.).</p> <p>The property will comprise office and commercial units, a hotel and ancillary areas of the Development with a total gross floor area of approximately 96,351.00 sq.m. (1,037,122 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for hotel, commercial, office and serviced apartment uses for two terms expiring on November 14, 2050 for commercial and office uses and November 14, 2080 for residential use.</p>	As at the date of valuation, the property was under development.	<p>RMB712,700,000 (100% interest attributable to the Group: RMB712,700,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No 3209012009CR0238 dated October 28, 2009 and its supplementary agreement dated January 4, 2010, a parcel of land with a site area of approximately 21,102.90 sq.m. was contracted to be granted to Yancheng Wuzhou Property Co., Ltd. ("Yancheng Wuzhou") at a land grant fee of RMB139,553,478 for two terms of 40 and 70 years for commercial and residential uses respectively.
- Pursuant to the State-owned Land Use Rights Certificate — Yan Guo Yong (2010) Di No. 615074 issued by the People's Government of Yancheng, the land use rights of a parcel of land with a site area of 21,102.90 sq.m. have been granted to Yancheng Wuzhou for hotel, commercial, office and serviced apartment uses with two terms expiring on November 14, 2050 for commercial and office uses and November 14, 2080 for residential use.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320901201010004, Yancheng Wuzhou was permitted to use a parcel of land with a site area of 21,102.90 sq.m. for development.
- Pursuant to four Construction Work Planning Permits — Jian Zi Di Nos. 320901201010127, 320901201010139, 320901201010140 and 320901201010141, the construction work of the Development was permitted with a total development scale of 96,351.00 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 3209002011051200002A, the construction work of the property with a construction scale of 96,351.00 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — Yan Shi Fang Yu Zi (2012) Di No. 78, Yancheng Wuzhou is permitted to pre-sell portion of the Development with a total gross floor area of 56,230.05 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB217,300,000 and RMB87,400,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 16,709.39 sq.m. has been pre-sold at a total consideration of about RMB317,600,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 16,493.40 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB107,000,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB918,300,000.

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PROPERTY VALUATION

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Yancheng Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Yancheng Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Yancheng Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Yancheng Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
15.	Portion of Huaian Wuzhou International Plaza, Donghu South Road, Xuyi County, Huaian, Jiangsu Province, PRC	<p>Huaian Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 64,674.00 sq.m. (696,151 sq.ft.).</p> <p>The property will comprise various office and commercial units and ancillary areas of portion of the Development with a total gross floor area of approximately 146,990.00 sq.m. (1,582,200 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on May 4, 2050 and May 4, 2080 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was under development.	RMB711,800,000 (100% interest attributable to the Group: RMB711,800,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract – No 3208302010CR0059 dated March 19, 2010, a parcel of land with a site area of approximately 64,674.00 sq.m. was contracted to be granted to Xuyi Wuzhou International Property Co., Ltd. ("Xuyi Wuzhou") at a land grant fee of RMB189,000,000 for two terms of 40 and 70 years for commercial and residential uses respectively.
- Pursuant to the State-owned Land Use Rights Certificate — Xu Guo Yong (2010) Di No. 684 issued by the People's Government of Xuyi County, the land use rights of a parcel of land with a site area of 64,674.00 sq.m. have been granted to Xuyi Wuzhou for two terms expiring on May 4, 2050 and May 4, 2080 for commercial and residential uses respectively.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 32083020100048, Xuyi Wuzhou was permitted to use a parcel of land with a site area of 64,674.00 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Xu Gui Gong Zi Di No. 320830201110187, the construction work of the property was permitted with a total development scale of 150,645.00 sq.m.

Pursuant to the instruction regarding the Construction Work Planning Permit, the gross floor area of the development scale has been changed to 146,990.00 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 320830020110008, the construction work of the property with a construction scale of 150,645.30 sq.m. was permitted to commence.
- Pursuant to two Pre-sale Permits — (Xu Yi) Fang Yu Shou Zheng Di Nos. 2011316 and 2012143, Xuyi Wuzhuo is permitted to pre-sell portion of the Development with a total gross floor area of 107,950.68 sq.m.
- As advised, the property are subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB211,900,000 and RMB116,400,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 13,186.27 sq.m. has been pre-sold at a total consideration of about RMB138,700,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 27,716.00 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB193,800,000.

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11. In our opinion, the capital value of the property as if completed as at the date of valuation was RMB1,033,200,000.
12. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:-
 - i. Xuyi Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Xuyi Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Xuyi Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Xuyi Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
16.	Portion of Wuxi New District Columbus Plaza, Junction of Changjiang North Road and Hongyuan Road, New Zone, Wuxi, Jiangsu Province, PRC	<p>Wuxi New District Columbus Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 20,746.30 sq.m. (223,313 sq.ft.).</p> <p>The property will comprise various office and commercial units, a hotel and ancillary areas of portion of the Development with a total gross floor area of approximately 91,924.17 sq.m. (989,472 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on December 16, 2050 for commercial use.</p>	As at the date of valuation, the property was under development.	<p>RMB958,400,000 (59% interest attributable to the Group: RMB565,456,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract – No 3202032010CR0089 dated December 8, 2010 and its supplementary agreement dated January 11, 2011, a parcel of land with a site area of approximately 20,746.30 sq.m. was contracted to be granted to Wuxi Longteng Commercial Investment & Development Co., Ltd. ("Wuxi Longteng") at a land grant fee of RMB195,000,000 for a term of 40 years for commercial (accommodation) use.
- Pursuant to the State-owned Land Use Rights Certificate — Xi Xin Guo Yong (2011) Di No. 024 issued by the People's Government of Wuxi, the land use rights of a parcel of land with a site area of 20,746.30 sq.m. have been granted to Wuxi Longteng for a term expiring on December 16, 2050 for commercial use.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 3202012011X0036, Wuxi Longteng was permitted to use a parcel of land with a site area of 20,746.40 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 302012011X0187, the construction work of the Development was permitted with a total development scale of 91,924.17 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 320291020110001, the construction work of the property with a construction scale of 91,924.17 sq.m. was permitted to commence.
- Pursuant to four Pre-sale Permits — (2011) Yu Xiao Zhun Zi No. 138, (2012) Yu Xiao Zhun Zi Nos. 005, 020 and 043, Wuxi Longteng is permitted to pre-sell portion of the Development with a total gross floor area of 68,454.17 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB313,700,000 and RMB53,800,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 14,092.25 sq.m. has been pre-sold at a total consideration of about RMB430,500,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 4,360.91 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB37,800,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB1,253,200,000.

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PROPERTY VALUATION

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. Wuxi Longteng has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Wuxi Longteng has acquired the requisite permits and approvals for the construction of the property;
 - iii. Wuxi Longteng has acquired the requisite approvals to pre-sell the property; and
 - iv. as confirmed by Wuxi Longteng, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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PROPERTY VALUATION

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
17.	Portion of Yangjian Wuzhou International Plaza, Junction of Shenyang Road and Yucai Road, Xishan District, Wuxi, Jiangsu Province, PRC	<p>Yangjian Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 54,338.00 sq.m. (584,894 sq.ft.).</p> <p>The property comprises various residential and commercial units and ancillary areas of portion of the Development with a total gross floor area of approximately 132,525.26 sq.m. (1,426,502 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on May 25, 2051 and May 25, 2081 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was under development.	RMB507,500,000 (100% interest attributable to the Group: RMB507,500,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202832011CR0011 dated February 15, 2011 and its supplementary agreement dated March 21, 2011, a parcel of land with a site area of approximately 54,338.00 sq.m. was contracted to be granted to Wuxi Wuzhou Commercial Investment Co., Ltd. ("Wuxi Property Investment") at a land grant fee of RMB135,000,000 for two terms of 40 and 70 years for commercial and residential uses respectively.
- Pursuant to two State-owned Land Use Rights Certificates — Xi Xi Guo Yong (2011) Di Nos. 0012 and 0013 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 54,338.00 sq.m. have been granted to Wuxi Property Investment for two terms expiring on May 25, 2051 and May 25, 2081 for commercial and residential uses respectively.
- Pursuant to Construction Land Planning Permit — Di Zi Di No. 3202052011A0019, Wuxi Property Investment was permitted to use a parcel of land with a site area of 54,338.00 sq.m. for development.
- Pursuant to three Construction Work Planning Permits — Jian Zi Di Nos. F-3202052011A0044, F-3202052011A0058 and F-3202052011A0088, the construction work of the Development was permitted with a total development scale of 142,772.27 sq.m.
- Pursuant to three Construction Work Commencement Permits — Nos. 3202052011081500001A, 2320205020110014 and 320205020110015, the construction work of the property with a construction scale of 142,772.27 sq.m. was permitted to commence.
- Pursuant to five Pre-sale Permits, Wuxi Property Investment is permitted to pre-sell portion of the Development with a total gross floor area of 74,517.36 sq.m.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB271,700,000 and RMB45,800,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 51,207.12 sq.m. has been pre-sold at a total consideration of about RMB235,400,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 10,645.23 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB61,600,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB682,600,000.

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PROPERTY VALUATION

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Wuxi Property Investment has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Wuxi Property Investment has acquired the requisite permits and approvals for the construction of the property;
 - iii. Wuxi Property Investment has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Wuxi Property Investment, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
18.	Portion of Phase III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Ornamental City (the "Development") is a large-scale composite development to be erected on eleven parcels of land with a total site area of approximately 266,623.90 sq.m. (2,869,940 sq.ft.).</p> <p>The property will comprise various commercial units and ancillary areas of portion of Phase III of the Development with a total gross floor areas of approximately 104,270.00 sq.m. (1,122,362 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on June 22, 2043 for commercial use.</p>	As at the date of valuation, the property was under development.	RMB616,400,000 (100% interest attributable to the Group: RMB616,400,000)

Notes:

- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Wuxi, the land use rights of eleven parcels of land with a total site area of 266,623.90 sq.m. have been granted to Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"). Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Xi Hui Guo Yong (2006) Di No. 1248	11,741.80	Commercial : June 22, 2043
2.	Xi Hui Guo Yong (2006) Di No. 1249	32,126.60	Commercial : June 25, 2043
3.	Xi Hui Guo Yong (2007) Di No. 1073	9,000.20	Commercial : June 22, 2043
4.	Xi Hui Guo Yong (2007) Di No. 1074	9,000.20	Commercial : June 22, 2043
5.	Xi Hui Guo Yong (2007) Di No. 1075	9,186.20	Commercial : June 22, 2043
6.	Xi Hui Guo Yong (2007) Di No. 1130	7,868.40	Commercial : June 22, 2043
7.	Xi Hui Guo Yong (2007) Di No. 1131	95,676.60	Commercial : June 22, 2043
8.	Xi Hui Guo Yong (2007) Di No. 1132	22,717.90	Commercial : June 22, 2043
9.	Xi Hui Guo Yong (2007) Di No. 1133	20,555.30	Commercial : June 22, 2043
10.	Xi Hui Guo Yong (2007) Di No. 1134	33,009.60	Commercial : June 22, 2043
11.	Xi Hui Guo Yong (2007) Di No. 1135	15,741.10	Commercial : June 22, 2043
Total:		<u>266,623.90</u>	

- Pursuant to the Construction Land Planning Permit — Xi Gui Hui Di Xu (2005) Di No. 061, Wuxi Wuzhou Ornament City was permitted to use a parcel of land with a site area of 266,610.80 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 320206201200045, the construction work of the property was permitted with a development scale of 104,270.00 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 320206020120060, the construction work of the property with a construction scale of 104,270.00 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — (2012) Hui Yu Xiao Zhun Zi Di No. 42, Wuxi Wuzhou Ornament City is permitted to pre-sell portion of the property.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB146,300,000 and RMB154,300,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 663.33 sq.m. has been pre-sold at a total consideration of RMB7,000,000. We have taken into account such amount in our valuation.

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9. As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 25,030.35 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB108,100,000.
10. In our opinion, the capital value of the property as if completed as at the date of valuation was RMB961,400,000.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Wuxi Wuzhou Ornament City has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Wuxi Wuzhou Ornament City has acquired the requisite permits and approvals for the construction of the property;
 - iii. Wuxi Wuzhou Ornament City has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Wuxi Wuzhou Ornament City, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
19.	Nantong Wuzhou International Plaza, No. 98 Zhongxiu Central Road, Chongchuan District, Nantong, Jiangsu Province, PRC	<p>Nantong Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 90,656.65 sq.m. (975,828 sq.ft.).</p> <p>The property will comprises various residential, office and commercial units and ancillary areas of the Development with a total gross floor area of approximately 365,141.00 sq.m. (3,930,378 sq.ft.) and is planned to be completed in 2014.</p> <p>The land use rights of the property have been granted for two terms expiring on June 7, 2050 and June 7, 2080 for commercial service and residential uses respectively.</p>	As at the date of valuation, the property was under development.	<p>RMB1,645,800,000 (51% interest attributable to the Group: RMB839,358,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No 3206012010CR0044 dated May 19, 2010 and its supplementary agreement dated October 8, 2012, a parcel of land with a site area of approximately 90,656.65 sq.m. was contracted to be granted to Nantong Wuzhou International Investment Co., Ltd. ("Nantong Wuzhou") at a land grant fee of RMB91,563,216.5 for two terms of 40 and 70 years for commercial office and residential uses respectively.
- Pursuant to two State-owned Land Use Rights Certificate — Su Tong Guo Yong (2011) Di Nos. 0102011 and 0102012 issued by the People's Government of Nantong, the land use rights of two parcels of land with a total site area of 90,656.65 sq.m. have been granted to Nantong Wuzhou for two terms expiring on June 7, 2050 and June 7, 2080 for commercial service and residential uses respectively.
- Pursuant to two Construction Land Planning Permits — Di Zi Di Nos. 320600201120153 and 320600201220029, Nantong Wuzhou was permitted to use two parcels of land with a total site area of 90,657.00 sq.m. for development.
- Pursuant to two Construction Work Planning Permits — Nos. NTF-20110129 and NTF-20110070, the construction work of the Development was permitted with a total development scale of 365,141.00 sq.m.
- Pursuant to two Construction Work Commencement Permits — Nos. 320600020120033 and 320600020120128, the construction work of the property with a construction scale of 364,707.00 sq.m. was permitted to commence.
- Pursuant to four Pre-sale Permits — Tong Fang Yu Shou Zheng [2012] Nos. 057 and 095 and [2013] Nos. 008 and 031, Nantong Wuzhou is permitted to pre-sell portion of the Development with a total gross floor area of 71,970.35 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB501,000,000 and RMB531,300,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 21,087.66 sq.m. has been pre-sold at a total consideration of RMB214,900,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 6,038.00 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB17,500,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB3,141,100,000.

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12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Nantong Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Nantong Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Nantong Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Nantong Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
20.	Phase I of Jianhu Wuzhou International Trade City, Junction of Jianbao Road and Mingzhu Road, Jianhu County, Yancheng, Jiangsu Province, PRC	<p>Jianhu Wuzhou International Trade City (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 128,145.80 sq.m. (1,379,361 sq.ft.).</p> <p>The property will comprise various commercial units and ancillary areas of Phase I of the Development with a total gross floor area of approximately 111,138.00 sq.m. (1,196,289 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on January 30, 2051 for commercial service use.</p>	As at the date of valuation, the property was under development.	<p>RMB541,600,000 (100% interest attributable to the Group: RMB541,600,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No 3209252011CR0106 dated September 6, 2011 and its supplementary agreement dated September 19, 2011, a parcel of land with a site area of approximately 128,179.00 sq.m. was contracted to be granted to Jianhu Wuzhou International Property Co., Ltd. ("Jianhu Wuzhou") at a land grant fee of RMB58,300,000 for a term of 40 years for commercial service use.
- Pursuant to two State-owned Land Use Rights Certificates — Jian Guo Yong (2012) Di Nos. 600908 and 602213 issued by the People's Government of Jianhu County, the land use rights of two parcels of land with a total site area of 128,145.80 sq.m. have been granted to Jianhu Wuzhou for a term expiring on January 30, 2051 for commercial service use.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. Jian Cheng Gui 320925201100049, Jianhu Wuzhou was permitted to use two parcels of land with a total site area of 128,179.00 sq.m. for development.
- Pursuant to eleven Construction Work Planning Permits — Jian Zi Di Nos. 320925201200007 to 320925201200017, the construction work of the Development was permitted with a total development scale of 111,138.00 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 0093605320925020120004, the construction work of the property with a construction scale of 111,138.00 sq.m. was permitted to commence.
- As advised, the property is subject to a mortgage.
- Pursuant to 35 Pre-sale Permits — Jian Jian Fang Yu Zi (2012) Di Nos. 018 to 031 and 047 to 051, Jianhu Wuzhou is permitted to pre-sell portion of the property.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB204,900,000 and RMB2,100,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 30,212.49 sq.m. has been pre-sold at a total consideration of about RMB240,200,000. We have taken into account such amount in our valuation.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB618,700,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Jianhu Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;

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- ii. Jianhu Wuzhou has acquired the requisite permits and approvals for the construction of the property;
- iii. Jianhu Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
- iv. as confirmed by Jianhu Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
21.	Luoshe Wuzhou Columbus Plaza, Luozhong Road, Huishan District, Wuxi, Jiangsu Province, PRC	<p>Luoshe Wuzhou Columbus Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 16,252.70 sq.m. (174,944 sq.ft.).</p> <p>The property will comprise various commercial units and ancillary areas of the Development with a total gross floor area of approximately 51,222.00 sq.m. (551,354 sq.ft.) and is planned to be completed in 2014.</p> <p>The land use rights of the property have been granted for a term expiring on October 30, 2051 for commercial use.</p>	As at the date of valuation, the property was under development.	RMB419,500,000 (100% interest attributable to the Group: RMB419,500,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202842011CR0010 dated February 15, 2011 and its supplementary agreement, a parcel of land with a site area of approximately 16,252.70 sq.m. was contracted to be granted to Wuxi Wuzhou Longsheng Commercial Co., Ltd. ("Wuxi Longsheng") at a land grant fee of RMB99,000,000 for a term of 40 years for commercial use.
- Pursuant to the State-owned Land Use Rights Certificate — Xi Hui Guo Yong (2012) Di No. 0011 issued by the People's Government of Wuxi, the land use rights of a parcel of land with a site area of 16,252.70 sq.m. have been granted to Wuxi Longsheng for a term expiring on October 30, 2051 for commercial use.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320206201100076, Wuxi Longsheng was permitted to use a parcel of land with a site area of 16,253.00 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 320206201200044, the construction work of the Development was permitted with a development scale of 51,222.00 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 320206020120080, the construction work of the property with a construction scale of 51,222.00 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — (2012) Hui Yu Xiao Zhun Zi Di No. 33, Wuxi Longsheng is permitted to pre-sell portion of the Development with a total gross floor area of 38,227.39 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB80,000,000 and RMB125,500,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 4,296.90 sq.m. has been pre-sold at a total consideration of about RMB115,300,000. We have taken into account such amount in our valuation.
- As advised by the Group, portion of the commercial area of the property with a gross floor area of approximately 12,730.00 sq.m. will be held for investment purposes. The market value of this portion in its existing state as at the date of valuation was RMB67,400,000.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB682,800,000.

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PROPERTY VALUATION

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. Wuxi Longsheng has acquired the land use rights of the property is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Wuxi Longsheng has acquired the requisite permits and approvals for the construction of the property;
 - iii. Wuxi Longsheng has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Wuxi Longsheng, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
22.	Portion of Phase I of Leling Wuzhou International Ornamental City, West of Huiyuan Avenue, North of Fusheng West Road, Leling, Shandong Province, PRC	<p>Leling Wuzhou International Ornamental City (the "Development") is a large-scale composite development to be erected on three parcels of land with a total site area of approximately 133,334.00 sq.m. (1,435,207 sq.ft.).</p> <p>The property will comprise various office and commercial units and ancillary areas of portion of the proposed Phase I of the Development with a total gross floor area of approximately 38,178.75 sq.m. (410,956 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on January 12, 2052 for commercial and wholesale retail uses respectively.</p>	As at the date of valuation, the property was under development.	RMB94,700,000 (51% interest attributable to the Group: RMB48,297,000)

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts and its three supplementary agreements — Nos. Le Ling-01-2012-0002, 01-2012-0003 and 01-2012-0004 dated January 12, 2012, three parcels of land with a total site area of approximately 133,334.00 sq.m. were contracted to be granted to Shandong Wuzhou International Home Exposition City Co., Ltd. ("Leling Wuzhou") at a total land grant fee of RMB481,600,000 for two terms of 40 and 70 years for wholesale retail and residential uses respectively.
- Pursuant to three State-owned Land Use Rights Certificate — Le Guo Yong (2012) Di Nos. 2012-049, 2012-050 and 2012-239 issued by the People's Government of Leling, the land use rights of three parcels of land with a total site area of 133,334.00 sq.m. have been granted to Leling Wuzhou for a term expiring on January 12, 2052 for commercial and wholesale retail uses respectively.
- Pursuant to three Construction Land Planning Permits — Nos. Di Zi Di 371481201100026-I, 371481201100026-II and 371481201200029-I, Leling Wuzhou was permitted to use three parcels of land with a total site area of 133,334.00 sq.m. for development.
- Pursuant to two Construction Work Planning Permits — Jian Zi Di No. 371481201100028-II, the construction work of the property was permitted with a total development scale of 80,027.52 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. Lu Le Jian Shi 2012-012, the construction work of the property with a construction scale of 38,178.75 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — (Le) Fang Yu Shou Zi Di No. 116, Leling Wuzhou is permitted to pre-sell portion of the property with a total gross floor area of 21,652.18 sq.m.
- As advised, the property is subject to various mortgages.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB32,600,000 and RMB45,300,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 564.85 sq.m. has been pre-sold at a total consideration of RMB2,500,000. We have taken into account such amount in our valuation.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB168,400,000.

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11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Leling Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Leling Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Leling Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Leling Wuzhou, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
23.	Phase I of Xiangyang Wuzhou International Industrial Exhibition City, Xiangzhou District, Xiangyang, Hubei Province, PRC	<p>Xiangyang Wuzhou International Industrial Exhibition City (the "Development") is a large-scale commercial development to be erected on three parcels of land with a total site area of approximately 215,160.36 sq.m. (2,315,986 sq.ft.).</p> <p>The property will comprise various commercial units of Phase I of the Development with a total gross floor area of approximately 217,144.00 sq.m. (2,337,338 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on June 29, 2052 for wholesale retail and commercial finance uses.</p>	As at the date of valuation, the property was under development.	RMB708,100,000 (100% interest attributable to the Group: RMB708,100,000)

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts — (xz)-2012-0169, 0170 and 0171 dated June 30, 2012, three parcels of land with a total site area of approximately 215,160.36 sq.m. were contracted to be granted to Xiangyang Wuzhou International Commercial City Co., Ltd. ("Xiangyang Wuzhou") at a total land grant fee of RMB233,447,851 for a term of 40 years for commercial finance use.
- Pursuant to three State-owned Land Use Rights Certificates — Xiang Zhou Qu Guo Yong (2012) Nos. 410100419, 410100420 and 410100421 dated August 21, 2012, the land use rights of three parcels of land with a total site area of 215,160.36 sq.m. have been granted to Xiangyang Wuzhou for a term expiring on June 29, 2052 for wholesale retail and commercial finance uses.
- Pursuant to three Construction Land Planning Permits — Di Zi Di Nos. zhyd 2012030061, zhyd 2012030106 and zhy 2012030104, Xiangyang Wuzhou was permitted to use three parcels of land with a total site area of 293,525.00 sq.m. for development.
- Pursuant to three Construction Work Planning Permits — Jian Zi Di Nos. zhjs 2012090203, zhjs 2012100231 and zhys 201302002, the construction work of the property was permitted with a total development scale of 217,144.00 sq.m.
- Pursuant to four Construction Work Commencement Permits — Nos. 420621201209210101, 420621201211230201 and 4206212013031400101, the construction work of the property with a construction scale of 217,144.00 sq.m. was permitted to commence.
- Pursuant to two Pre-sale Permits — E Xiang Fang Shou Zheng Zi (2012) Nos. 73 and 88, Xiangyang Wuzhou is permitted to pre-sell portion of the property with a total gross floor area of 147,593.00 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction costs were RMB167,900,000 and RMB176,900,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 82,455.62 sq.m. has been pre-sold at a total consideration of RMB473,300,000. We have taken into account such amount in our valuation.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB1,083,400,000.

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11. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal advisers, which contains, inter alia, the following information:-
 - i. Xiangyang Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Xiangyang Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - iii. Xiangyang Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - iv. as confirmed by Xiangyang Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
24.	Yantai Wuzhou International Industrial Exhibition City, West of Qiquan Road and South of Fenghuangshan Road, Fushan District, Yantai, Shandong Province, PRC	<p>Yantai Wuzhou International Industrial Exhibition City (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 52,896.00 sq.m. (569,373 sq.ft.).</p> <p>The property will comprise various office and commercial units of the Development with a total gross floor area of approximately 55,766.00 sq.m. (600,265 sq.ft.) and is planned to be completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on June 21, 2052 for wholesale retail use.</p>	As at the date of valuation, the property was under development.	RMB223,800,000 (95% interest attributable to the Group: RMB212,610,000)

Notes:

- Pursuant to two State-owned Land Use Rights Grant Contracts — Yan Tai-01-2012-0115 and 0116 dated June 29, 2012 and June 30, 2012 respectively and its two supplementary agreements — Yan Tai-01-2012-0115-1 and 0116-1 dated August 7, 2012, two parcels of land with a total site area of approximately 52,896.00 sq.m. were contracted to be granted to Yantai Wuzhou Property Co., Ltd. ("Yantai Wuzhou Property") at a total land grant fee of RMB70,030,000 for a term of 40 years for wholesale retail use.
- Pursuant to two State-owned Land Use Rights Certificates — Yan Guo Yong (2012) Di Nos. 30094 and 30097 issued by the People's Government of Yantai, the land use rights of two parcels of land with a total site area of 52,896.00 sq.m. have been granted to Yantai Wuzhou Property for a term expiring on June 21, 2052 for wholesale retail use.
- Pursuant to two Construction Land Planning Permits — Di Zi Di Nos. 370611201200127 and 370611201200128, Wuxi Longteng was permitted to use two parcels of land with a total site area of 52,896.00 sq.m. for development.
- Pursuant to two Construction Work Planning Permits — Jian Zi Di Nos. 370611201200401 and 370611201200402, the construction work of the Development was permitted with a total development scale of 55,766.00 sq.m.
- Pursuant to the Construction Work Commencement Permit — Yan Fu Jian Shi Zi 2012 Di No. 077, the construction work of the property with a construction scale of 55,766.00 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — Yan Fang Yu Xu Zi 2012 Di No. 150, Yantai Wuzhou Property is permitted to pre-sell portion of the Development with a total gross floor area of 55,123.21 sq.m.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction cost were RMB70,000,000 and RMB33,400,000 respectively. We have taken into account such amounts in our valuation.
- As advised by the Group, as at the date of valuation, portion of the property with a total gross floor area of approximately 28,717.42 sq.m. has been pre-sold at a total consideration of RMB175,000,000. We have taken into account such amount in our valuation.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB338,800,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Yantai Wuzhou Property has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;

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- ii. Yantai Wuzhou Property has acquired the requisite permit and approval for the construction of the property;
- iii. Yantai Wuzhou Property has acquired the requisite approval to pre-sell portion of the property; and
- iv. as confirmed by Yantai Wuzhou Property, the property is free from any seizures, mortgages or other kinds of limitations.

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Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
25.	Portion of China Longkou Wuzhou International Trade City, West of Nanshan Road, South of Longquan Road, Longkou, Yantai, Shandong Province, PRC	<p>China Longkou Wuzhou International Trade City (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 47,331.00 sq.m. (509,471 sq.ft.).</p> <p>The property will comprise various commercial units of portion of the Development with a total gross floor area of approximately 22,263.45 sq.m. (239,644 sq.ft.) and is planned to be completed in 2014.</p> <p>The land use rights of the property have been granted for a term expiring on November 29, 2051 for wholesale retail, accommodation and catering uses.</p>	As at the date of valuation, the property was under development.	RMB77,300,000 (95% interest attributable to the Group: RMB73,435,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. Long Kou 01-2011-0113 dated November 30, 2011 and its two supplementary agreements dated October 19, 2012 and January 5, 2013 respectively, a parcel of land with a site area of approximately 47,331.00 sq.m. was contracted to be granted to Longkou Wuzhou International Commercial City Co., Ltd. ("Longkou Wuzhou") for a term of 40 years for wholesale retail, accommodation and catering uses.
- Pursuant to the State-owned Land Use Rights Certificate — Long Guo Yong (2012) Di No. 0523 issued by the People's Government of Longkou, the land use rights of a parcel of land with a site area of 47,331.00 sq.m. have been granted to Longkou Wuzhou for a term expiring on November 29, 2051 for wholesale retail, accommodation and catering uses.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 370681201300008, Longkou Wuzhou was permitted to use a parcel of land with a site area of 47,331.00 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 370681201300007, the construction work of the Development was permitted with a development scale of 21,496.95 sq.m.
- Pursuant to the Construction Work Commencement Permit — Long Jian Kai Zi [2013] Di No. 05, the construction work of the property with a construction scale of 22,263.45 sq.m. was permitted to commence.
- Pursuant to the Pre-sale Permit — Long Fang Yu Zi 1303 DI No. 04, Longkou Wuzhou is permitted to pre-sell portion of the Development with a total gross floor area of 10,280.40 sq.m.
- As advised, the property is subject to a mortgage.
- As advised by the Group, as at the date of valuation, the total expended and outstanding construction cost were RMB17,000,000 and RMB40,500,000 respectively. We have taken into account such amounts in our valuation.
- In our opinion, the capital value of the property as if completed as at the date of valuation was RMB176,300,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Longkou Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Longkou Wuzhou has acquired the requisite permits and approvals for the construction of the property;
 - Longkou Wuzhou has acquired the requisite approvals to pre-sell portion of the property; and
 - as confirmed by Longkou Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
26.	Phase II of Jianhu Wuzhou International Trade City, Junction of Jianbao Road and Mingzhu Road, Jianhu County, Yancheng, Jiangsu Province, PRC	<p>Jianhu Wuzhou International Trade City (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 128,145.80 sq.m. (1,379,361 sq.ft.).</p> <p>The property will comprise various commercial units and ancillary areas of Phase II of the Development with a total gross floor area of approximately 114,139.71 sq.m. (1,228,600 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on January 30, 2051 for commercial service use.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB139,700,000 (100% interest attributable to the Group: RMB139,700,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No 3209252011CR0106 dated September 6, 2011 and its supplementary agreement dated September 19, 2011, a parcel of land with a site area of approximately 128,179.00 sq.m. was contracted to be granted to Jianhu Wuzhou International Property Co., Ltd. ("Jianhu Wuzhou") at a land grant fee of RMB58,300,000 for a term of 40 years for commercial use.
- Pursuant to two State-owned Land Use Rights Certificates — Jian Guo Yong (2012) Di Nos. 600908 and 602213 issued by the People's Government of Jianhu County, the land use rights of two parcels of land with a total site area of 128,145.80 sq.m. have been granted to Jianhu Wuzhou for a term expiring on January 30, 2051 for commercial service use.
- As advised, the property is subject to a mortgage.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Jianhu Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Jianhu Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
27.	Phase II of Rongchang Wuzhou Hardware Ornamental City, Yingbin Avenue, Rongchang County, Chongqing, PRC	<p>Rongchang Wuzhou Hardware Ornamental City (the "Development") is a large-scale composite development to be erected on four parcels of land with a total site area of approximately 266,831.00 sq.m. (2,872,169 sq.ft.).</p> <p>The property will comprise various commercial and warehouse units of Phase II of the Development with a total gross floor area of approximately 197,039.00 sq.m. (2,120,928 sq.ft.).</p> <p>The land use rights of the property have been granted for two terms expiring on July 28, 2051 for commercial use and November 23, 2061 for commercial and residential use.</p>	As at the date of valuation, the property was vacant and pending for future development.	<p>RMB135,800,000 (94% interest attributable to the Group: RMB127,652,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts – Yu Fu De (2012) He Zi (Rong Chang) Di No. 64, Yu Fu De (2011) He Zi (Rong Chang) Di No. 26 and Yu Fu De (2011) He Zi (Rong Chang) Di No. 33 dated between October 30, 2010 and November 24, 2011 and its three supplementary agreements dated between July 9, 2012 and October 10, 2012, three parcels of land with a total site area of approximately 266,831.00 sq.m. were contracted to be granted to Rongchang Wuzhou Hardware Ornament City Co., Ltd. ("Rongchang Wuzhou") at a total land grant fee of RMB203,281,100 for two terms of 40 and 50 years for commercial and residential uses respectively.
- Pursuant to four State-owned Land Use Rights Certificate — 2011D Fang Di Zheng 2011 Zi Di Nos. 280 and 281, 2011 Fang Di Zheng 2011 Zi Di No. 125 and 211D Fang Di Zheng 2012 Zi Di No. 140 issued by Chongqing Rongchang County State Land Resources and Housing Administrative Bureau, the land use rights of four parcels of land with a total site area of 266,831.00 sq.m. have been granted to Rongchang Wuzhou for two terms expiring on July 28, 2051 for commercial use and November 23, 2061 for commercial and residential use.
- Pursuant to two Construction Land Planning Permits — Di Zi Di Nos. 500226201100184 and 500226201200087, Rongchang Wuzhou was permitted to use two parcels of land with a total site area of 123,581.00 sq.m. for development.
- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Rongchang Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Rongchang Wuzhou, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
28.	Portion of Huaian Wuzhou International Plaza, Donghu South Road, Xuyi County, Huaian, Jiangsu Province, PRC	<p>Huaian Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 64,674.00 sq.m. (696,151 sq.ft.).</p> <p>The property will comprise various residential and commercial units and ancillary areas of portion of the Development with a total gross floor area of approximately 91,344.00 sq.m. (983,227 sq.ft.).</p> <p>The land use rights of the property have been granted for two terms expiring on May 4, 2050 and May 4, 2080 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB100,000,000 (100% interest attributable to the Group: RMB100,000,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No 3208302010CR0059 dated March 19, 2010, a parcel of land with a site area of approximately 64,674.00 sq.m. was contracted to be granted to Xuyi Wuzhou International Property Co., Ltd. ("Xuyi Wuzhou") at a land grant fee of RMB189,000,000 for two terms of 40 and 70 years for commercial and residential uses respectively.
- Pursuant to the State-owned Land Use Rights Certificate — Xu Guo Yong (2010) Di No. 684 issued by the People's Government of Xuyi County, the land use rights of a parcel of land with a site area of 64,674.00 sq.m. have been granted to Xuyi Wuzhou for two terms expiring on May 4, 2050 and May 4, 2080 for commercial and residential uses respectively.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 32083020100048, Xuyi Wuzhou was permitted to use a parcel of land with a site area of 64,674.00 sq.m. for development.
- As advised, the property is subject to a mortgage.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Xuyi Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Xuyi Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
29.	Portion of China Longkou Wuzhou International Trade City, West of Nanshan Road, South of Longquan Road, Longkou, Yantai, Shandong Province, PRC	<p>China Longkou Wuzhou International Trade City (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 47,331.00 sq.m. (509,471 sq.ft.).</p> <p>The property will comprise various residential, office and commercial units and ancillary areas of portion of the Development with a total gross floor area of approximately 128,232.95 sq.m. (1,380,299 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on November 29, 2051 for wholesale retail, accommodation and catering uses.</p>	As at the date of valuation, the property was vacant and pending for future development.	<p>RMB66,200,000 (95% interest attributable to the Group: RMB62,890,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. Long Kou 01-2011-0113 dated November 30, 2011 and its two supplementary agreements dated October 1, 2012 and January 5, 2013 respectively, a parcel of land with a site area of approximately 47,331.00 sq.m. was contracted to be granted to Longkou Wuzhou International Commercial City Co., Ltd. ("Longkou Wuzhou") for a term of 40 years for wholesale retail, accommodation and catering uses.
- Pursuant to the State-owned Land Use Rights Certificate — Long Guo Yong (2012) Di No. 0523 issued by the People's Government of Longkou, the land use rights of a parcel of land with a site area of 47,331.00 sq.m. have been granted to Longkou Wuzhou for a term expiring on November 29, 2051 for wholesale retail, accommodation and catering uses.
- As advised, the property is subject to a mortgage.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Longkou Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Longkou Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
30.	Portion of Phase I and Phase II of Leling Wuzhou International Ornamental City, West of Huiyuan Avenue, North of Fusheng West Road, Leling, Shandong Province, PRC	<p>Leling Wuzhou International Ornamental City (the "Development") is a large-scale composite development to be erected on three parcels of land with a total site area of approximately 133,334.00 sq.m. (1,435,207 sq.ft.).</p> <p>The property will comprise various office, commercial and serviced apartment units and ancillary areas of portion of the Phase I and Phase II of the Development with a total gross floor area of approximately 413,676.54 sq.m. (4,452,814 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on January 12, 2052 for commercial and wholesale retail uses respectively.</p>	As at the date of valuation, the property was vacant and pending for future development.	<p>RMB230,500,000 (51% interest attributable to the Group: RMB117,555,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts and its three supplementary agreements – Nos. Le Ling-01-2012-0002, 01-2012-0003 and 01-2012-0004 dated January 12, 2012, three parcels of land with a total site area of approximately 133,334.00 sq.m. were contracted to be granted to Shandong Wuzhou International Home Exposition City Co., Ltd. ("Leling Wuzhou") at a total land grant fee of RMB481,600,000 for two terms of 40 and 70 years for wholesale retail and residential uses respectively.
- Pursuant to three State-owned Land Use Rights Certificates — Le Guo Yong (2012) Di Nos. 2012-049, 2012-050 and 2012-239 issued by the People's Government of Leling, the land use rights of three parcels of land with a total site area of 133,334.00 sq.m. have been granted to Leling Wuzhou for a term expiring on January 12, 2052 for commercial and wholesale retail uses respectively.
- Pursuant to three Construction Land Planning Permits — Di Zi Di Nos. 371481201100026-I, 1481231230029-II and 371481201200029-I, Leling Wuzhou was permitted to use three parcels of land with a total site area of 133,334.00 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 371481201100028-II, the construction work of the property was permitted for a development scale of 41,848.77 sq.m.
- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Leling Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Leling Wuzhou, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
31.	Sheyang Wuzhou International Plaza, North of Xingfu Road, East of Haiyue Road, Xincheng District, Sheyang County, Yancheng, Jiangsu Province, PRC	<p>Sheyang Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 124,096.50 sq.m. (1,335,775 sq.ft.).</p> <p>The property will comprise various residential and commercial units and ancillary areas of the Development with a total gross floor area of approximately 479,676.80 sq.m. (5,163,241 sq.ft.).</p> <p>The land use rights of the property have been granted for two terms expiring on April 16, 2053 and April 16, 2083 for commercial and residential uses.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB111,000,000 (100% interest attributable to the Group: RMB111,000,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3209242012CR0078 dated July 24, 2012 and its supplementary agreement dated November 12, 2012, a parcel of land with a site area of approximately 124,096.50 sq.m. was contracted to be granted to Wuzhou Columbus (Sheyang) Property Co., Ltd. ("Wuzhou Columbus Sheyang") at a land grant fee of RMB65,160,000 for two terms of 40 and 70 years for commercial and residential uses.
- Pursuant to the State-owned Land Use Rights Certificate — She Guo Yong (2013) Di No. 602706 issued by the People's Government of Sheyang, the land use rights of a parcel of land with a site area of 124,096.50 sq.m. have been granted to Wuzhou Columbus Sheyang for two terms expiring on April 16, 2053 and April 16, 2083 for commercial and residential uses respectively.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 0913063, Wuzhou Columbus Sheyang was permitted to use a parcel of land with a site area of 124,096.50 sq.m. for development.
- Pursuant to ten Construction Work Planning Permits — She Jian Zheng Zi Di Nos. 0910267 to 0910276, the construction work of portion of the Development was permitted with a construction scale of 69,339.60 sq.m.
- Pursuant to the Construction Work Commencement Permit — No. 320924020130048, the construction work of portion of the Development with a construction scale of 76,479.23 sq.m. was permitted to commence.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuzhou Columbus Sheyang has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuzhou Columbus Sheyang has acquired the requisite permits and approvals for the construction of the property; and
 - as confirmed by Wuzhou Columbus Sheyang, the property is free from any seizures, mortgages or other kinds of limitations.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
32.	Jianhu China Green Light Exposition City, Junction of Jianbao Road and Mingzhu Road, Jianhu County, Yancheng, Jiangsu Province, PRC	<p>Jianhu China Green Light Exposition City (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 62,468.20 sq.m. (672,408 sq.ft.).</p> <p>The property will comprise various commercial units of the Development with a total gross floor area of approximately 94,203.00 sq.m. (1,014,001 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on October 17, 2052 for commercial use.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB25,500,000 (100% interest attributable to the Group: RMB25,500,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3209052012CR0029 dated April 18, 2012 and its supplementary agreement dated August 6, 2012, a parcel of land with a site area of approximately 62,802.00 was contracted to be granted to Jiangsu Wuzhou International Business Development Co., Ltd. ("Jiangsu Wuzhou") at a land grant fee of RMB22,400,000 for a term of 40 years for commercial use.
- Pursuant to the State-owned Land Use Rights Certificate — Jian Guo Yong (2012) Di No. 607988 issued by the People's Government of Jianhu County, the land use rights of a parcel of land with a site area of 62,468.20 sq.m. have been granted to Jiangsu Wuzhou for a term expiring on October 17, 2052 for commercial use.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Jiangsu Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or dispose of by other legal means the land use rights; and
 - as confirmed by Jiangsu Wuzhou, the property is free from any seizures, mortgages or other kinds of limitations.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
33.	Portion of Phase III of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huaxin Village, Qianqiao Town, Huishan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Ornamental City (the "Development") is a large-scale composite development to be erected on eleven parcels of land with a total site area of approximately 266,623.90 sq.m. (2,869,940 sq.ft.).</p> <p>The property will comprise various commercial units of portion of Phase III of the Development with a total gross floor area of approximately 21,363.00 sq.m. (229,951 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on June 22, 2043 for commercial use.</p>	As at the date of valuation, the property was vacant and pending for future development.	<p>RMB27,600,000 (100% interest attributable to the Group: RMB27,600,000)</p>

Notes:

- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Wuxi, the land use rights of eleven parcels of land with a total site area of 266,623.90 sq.m. have been granted to Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"). Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Xi Hui Guo Yong (2006) Di No. 1248	11,741.80	Commercial: June 22, 2043
2.	Xi Hui Guo Yong (2006) Di No. 1249	32,126.60	Commercial: June 25, 2043
3.	Xi Hui Guo Yong (2007) Di No. 1073	9,000.20	Commercial: June 22, 2043
4.	Xi Hui Guo Yong (2007) Di No. 1074	9,000.20	Commercial: June 22, 2043
5.	Xi Hui Guo Yong (2007) Di No. 1075	9,186.20	Commercial: June 22, 2043
6.	Xi Hui Guo Yong (2007) Di No. 1130	7,868.40	Commercial: June 22, 2043
7.	Xi Hui Guo Yong (2007) Di No. 1131	95,676.60	Commercial: June 22, 2043
8.	Xi Hui Guo Yong (2007) Di No. 1132	22,717.90	Commercial: June 22, 2043
9.	Xi Hui Guo Yong (2007) Di No. 1133	20,555.30	Commercial: June 22, 2043
10.	Xi Hui Guo Yong (2007) Di No. 1134	33,009.60	Commercial: June 22, 2043
11.	Xi Hui Guo Yong (2007) Di No. 1135	15,741.10	Commercial: June 22, 2043
Total:		266,623.90	

- Pursuant to the Construction Land Planning Permit — Xi Gui Hui Di Xu (2005) Di No. 061, Wuxi Wuzhou Ornament City was permitted to use a parcel of land with a site area of 266,610.80 sq.m. for development.
- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Wuzhou Ornament City has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Wuzhou Ornament City, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
34.	Portion of Phase II and Phases III to IV of Dali Wuzhou International Trade City, Mangjiang Area, Xiaguan, Dali, Yunnan Province, PRC	<p>Dali Wuzhou International Trade City (the "Development") is a large-scale composite development to be erected on eleven parcels of land with a total site area of approximately 288,120.70 sq.m. (3,101,331 sq.ft.).</p> <p>The property will comprise various commercial units and ancillary areas of portion of Phase II and Phases III to IV of the Development with a total gross floor area of approximately 941,702.13 sq.m. (10,136,482 sq.ft.).</p> <p>The land use rights of the Development have been granted for a term expiring on October 12, 2050 for wholesale retail and commercial finance uses.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB1,450,400,000 (100% interest attributable to the Group: RMB1,450,400,000)

Notes:

- Pursuant to eleven State-owned Land Use Rights Grant Contracts — Nos. CR53 Da Li Shi 2010048-5, 2010049-6, 2010050-6, 2010051-6, 2010052-6, 2010053-4, 2010054-6, 2010055-5, 2010056-6, 2010057-6 and 2010058-6 and its eleven supplementary agreements dated October 12, 2010, eleven parcels of land with a total site area of approximately 288,120.70 sq.m. were contracted to be granted to Dali Wuzhou International Commercial City Co., Ltd. ("Dali Wuzhou") at a total land grant fee of RMB216,090,345 for a term of 40 years for wholesale retail and commercial finance uses.
- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Dali, the land use rights of eleven parcels of land with a total site area of 288,120.70 sq.m. are vested in Dali Wuzhou. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Da Guo Yong (2011) Di No. 00626	46,843.67	Wholesale retail: October 25, 2050
2.	Da Guo Yong (2011) Di No. 00627	27,186.60	Wholesale retail: October 25, 2050
3.	Da Guo Yong (2011) Di No. 01228	26,947.31	Wholesale retail: October 25, 2050
4.	Da Guo Yong (2011) Di No. 01229	17,818.11	Wholesale retail: October 25, 2050
5.	Da Guo Yong (2011) Di No. 01230	41,829.09	Wholesale retail: October 25, 2050
6.	Da Guo Yong (2011) Di No. 01231	23,010.32	Wholesale retail: October 25, 2050
7.	Da Guo Yong (2011) Di No. 01232	10,471.00	Wholesale retail: October 25, 2050
8.	Da Guo Yong (2011) Di No. 01233	20,731.04	Wholesale retail: October 25, 2050
9.	Da Guo Yong (2011) Di No. 01234	13,346.64	Wholesale retail: October 25, 2050
10.	Da Guo Yong (2012) Di No. 00971	39,985.97	Commercial finance: October 25, 2050
11.	Da Guo Yong (2012) Di No. 00972	19,950.95	Commercial finance: October 25, 2050
Total:		288,120.70	

- As advised, the property is subject to a mortgage.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Dali Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Dali Wuzhou, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
35.	Jiangyin Wuzhou International Plaza, Zhencheng Road, Xiaohu Village, Huangtu Town, Jiangyin, Wuxi, Jiangsu Province, PRC	<p>Jiangyin Wuzhou International Plaza (the "Development") is a large-scale composite development to be erected on a parcel of land with a site area of approximately 73,317.00 sq.m. (789,184 sq.ft.).</p> <p>The property will comprise various residential and commercial units and a hotel of the Development with a total gross floor area of approximately 262,842.46 sq.m. (2,829,236 sq.ft.).</p> <p>The land use rights of the property have been granted for two terms expiring on September 27, 2082 and September 27, 2052 for residential and wholesale retail uses respectively.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB481,500,000 (90% interest attributable to the Group: RMB433,350,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202812012CR0123 dated September 28, 2012 and its two supplementary agreement dated September 28, 2012 and November 2, 2012, a parcel of land with a site area of approximately 73,317.00 sq.m. was contracted to be granted to Jiangyin Wuzhou Property Co., Ltd. ("Jiangyin Wuzhou") at a land grant fee of RMB148,470,000 for terms of 40 and 70 years for wholesale retail and residential uses.
- Pursuant to the State-owned Land Use Rights Certificate — Chang Tu Guo Ying (2012) Di No. 18995 issued by the People's Government of Jiangyin, the land use rights of a parcel of land with a site area of 73,317.00 sq.m. have been granted to Jiangyin Wuzhou for two terms expiring on September 27, 2082 and September 27, 2052 for residential and wholesale retail uses respectively.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Jiangyin Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or dispose of by other legal means the land use rights; and
 - as confirmed by Jiangyin Wuzhou, the property is free from any seizures, mortgages or other kinds of limitations.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
36.	Portion of Phases I and II of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Industrial Exhibition City (the "Development") is a large-scale composite development to be erected on two parcels of land with a total site area of approximately 293,118.70 sq.m. (3,155,130 sq.ft.).</p> <p>The property will comprise portion of Phases I and II of the Development with a total gross floor area of approximately 239,416.50 sq.m. (2,577,079 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on January 14, 2048 for commercial use.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB438,200,000 (100% interest attributable to the Group: RMB438,200,000)

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates — Xi Xin Guo Yong (2008) Di Nos. 16 and 17 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 293,118.70 sq.m. have been granted to Wuxi Zhongnan Property Investment Co., Ltd. ("Wuxi Zhongnan") for a term expiring on January 14, 2048 for commercial use.
2. Pursuant to the Construction Land Planning Permit — Xi Xin Gui Di Xu (2007) Di No. 152, Wuxi Zhongnan was permitted to use a parcel of land with a site area of 372,490.00 sq.m. for development.
3. As advised, the property is subject to various mortgages.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Wuxi Zhongnan has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - ii. as confirmed by Wuxi Zhongnan, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
37.	Phases II and III of Xiangyang Wuzhou International Industrial Exhibition City, Xiangzhou District, Xiangyang, Hubei Province, PRC	<p>Xiangyang Wuzhou International Industrial Exhibition City (the "Development") is a large-scale commercial development to be erected on three parcels of land with a total site area of approximately 215,160.36 sq.m. (2,315,986 sq.ft.).</p> <p>The property will comprise Phases II and III of the Development with a gross floor area of approximately 350,069.61 sq.m. (3,768,149 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on June 29, 2052 for wholesale retail and commercial finance uses.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB433,800,000 (100% interest attributable to the Group: RMB433,800,000)

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts — (xz)-2012-0169, 0170 and 0171 dated June 30, 2012, three parcels of land with a total site area of approximately 215,160.36 sq.m. were contracted to be granted to Xiangyang Wuzhou International Commercial City Co., Ltd. ("Xiangyang Wuzhou") at a total land grant fee of RMB233,447,851 for a term of 40 years for commercial finance use.
- Pursuant to three State-owned Land Use Rights Certificates — Xiang Zhou Qu Guo Yong (2012) Nos. 410100419, 410100420 and 410100421, the land use rights of three parcels of land with a total site area of 215,160.36 sq.m. have been granted to Xiangyang Wuzhou for a term expiring on June 29, 2052 for wholesale retail and commercial finance uses.
- Pursuant to three Construction Land Planning Permits — Di Zi Di Nos. zhyd2012030061, zhyd2012030106 and zhy2012030104, Xiangyang Wuzhou was permitted to use three parcels of land with a total site area of 293,525.00 sq.m. for development.
- As advised, the property is subject to a mortgage.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Xiangyang Wuzhou has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Xiangyang Wuzhou, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
38.	Qian Zhou Wuzhou International Plaza, West of Zhongxing Road and North of Xingyu Road, Qianzhou, Huishan District, Wuxi, Jiangsu Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 36,272.20 sq.m. (390,434 sq.ft.).</p> <p>The property will comprise a composite development with a total gross floor area of approximately 127,746.80 sq.m. (1,375,067 sq.ft.).</p> <p>The land use rights of the property was contracted to be granted for a term of 40 years for commercial use.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB108,000,000 (100% interest attributable to the Group: RMB108,000,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202842012CR0062 dated November 22, 2012, a parcel of land with a site area of approximately 36,272.20 sq.m. was contracted to be granted to Wuxi Zhongnan Property Investment Co., Ltd. ("Wuxi Zhongnan") at a land grant fee of RMB103,400,000 for a term of 40 years for commercial use.
2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Wuxi Zhongnan has fully paid off the relevant land grant fee of the property and there exists no legal impediment to obtain the State-owned Land Use Rights Certificate.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing states at February 28, 2013
39.	Wuzhou International Automobile Exhibition City, Tongzhou Industrial Park, Nantong, Jiangsu Province, PRC	<p>The property comprises three parcels of land with a total site area of approximately 202,795.00 sq.m. (2,182,885 sq.ft.).</p> <p>The property will comprise various residential and commercial units of a proposed composite development with a total gross floor area of approximately 430,287.00 sq.m. (4,631,609 sq.ft.).</p> <p>The land use rights of the property have been granted for two terms expiring on April 24, 2053 and April 24, 2083 for commercial and residential uses respectively.</p>	As at the date of valuation, the property was vacant and pending for future development.	<p>RMB260,000,000 (75% interest attributable to the Group: RMB195,000,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Grant Contracts — Nos. 3206832013CR0005, 3206832013CR0006 and 3206832013CR0007 dated January 15, 2013, three parcels of land with a total site area of approximately 202,795.00 sq.m. were contracted to be granted to Nantong Wuzhou Commercial Investment Co., Ltd. ("Nantong Commercial Investment") at a total land grant fee of RMB259,559,355 for two terms of 70 and 40 years for residential and commercial uses respectively.
- Pursuant to two State-owned Land Use Rights Certificates — Tong Zhou Guo Yong (2013) Di Nos. 011009 and 011010 issued by the People's Government of Nantong, the land use rights of two parcels of land with a site area of 202,795.00 sq.m. have been granted to Nantong Commercial Investment for two terms expiring on April 24, 2053 and April 24, 2083 for commercial and residential uses respectively.
- As advised, the property is subject to a mortgage.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Nantong Commercial Investment has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights; and
 - as confirmed by Nantong Commercial Investment, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagee before such portion can be leased or re-mortgaged.

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Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
40.	Baoshan Wuzhou International Plaza, East of Zhengyang North Road, Longyang District, Baoshan, Yunnan Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 61,594.00 sq.m. (662,998 sq.ft.).</p> <p>The property will comprise various commercial units of a proposed commercial development with a total gross floor area of approximately 209,231.00 sq.m. (2,252,162 sq.ft.).</p> <p>The land use rights of the property are contracted to be granted for a term of 40 years for commercial use.</p>	As at the date of valuation, the property was vacant and pending for future development.	RMB102,000,000 (80% interest attributable to the Group: RMB81,600,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — CR53 Long Yang Qu 2013-04 dated on January 31, 2013, a parcel of land with a site area of approximately 61,594.00 sq.m. was contracted to be granted to Baoshan Wuzhou International Plaza Co., Ltd. ("Baoshan Wuzhou") at a land grant fee of RMB101,630,100 for a term of 40 years for commercial use.
2. We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:-
 - i. Baoshan Wuzhou has fully paid off the relevant land grant fee and there exists no legal impediment to obtain the State-owned Land Use Rights Certificate.

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Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
41.	Portion of Phases I to III of Wuxi Wuzhou International Ornamental City, No.668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Ornamental City (the "Development") is a large-scale composite development erected on eleven parcels of land with a total site area of approximately 266,623.90 sq.m. (2,869,940 sq.ft.).</p> <p>The property comprises various commercial and residential units of Phases I to III of the Development with a total gross floor area of approximately 37,400.75 sq.m. (402,582 sq.ft.) and was completed in between 2008 and 2011.</p> <p>The land use rights of the property have been granted for term expiring on June 22, 2043 for commercial use.</p>	<p>Portion of the property with a total gross floor area of approximately 34,621.48 sq.m. was subject to various tenancies with the latest one due to expire on March 27, 2019 at a total annual rental of approximately RMB103,930,000 as at the date of valuation.</p> <p>The remaining portion of the property was vacant.</p>	<p>RMB336,500,000 (100% interest attributable to the Group: RMB336,500,000)</p>

Notes:

- Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Wuxi, the land use rights of eleven parcels of land with a total site area of 266,623.90 sq.m. have been granted to Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"). Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Xi Hui Guo Yong (2006) Di No. 1248	11,741.80	Commercial: June 22, 2043
2.	Xi Hui Guo Yong (2006) Di No. 1249	32,126.60	Commercial: June 25, 2043
3.	Xi Hui Guo Yong (2007) Di No. 1073	9,000.20	Commercial: June 22, 2043
4.	Xi Hui Guo Yong (2007) Di No. 1074	9,000.20	Commercial: June 22, 2043
5.	Xi Hui Guo Yong (2007) Di No. 1075	9,186.20	Commercial: June 22, 2043
6.	Xi Hui Guo Yong (2007) Di No. 1130	7,868.40	Commercial: June 22, 2043
7.	Xi Hui Guo Yong (2007) Di No. 1131	95,676.60	Commercial: June 22, 2043
8.	Xi Hui Guo Yong (2007) Di No. 1132	22,717.90	Commercial: June 22, 2043
9.	Xi Hui Guo Yong (2007) Di No. 1133	20,555.30	Commercial: June 22, 2043
10.	Xi Hui Guo Yong (2007) Di No. 1134	33,009.60	Commercial: June 22, 2043
11.	Xi Hui Guo Yong (2007) Di No. 1135	15,741.10	Commercial: June 22, 2043
Total:		266,623.90	

- Pursuant to 1,111 Building Ownership Certificates, the building ownership rights of various buildings with a total gross floor area of approximately 40,267.58 sq.m. are vested in Wuxi Wuzhou Ornament City.

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

- Pursuant to 13 Certificates of Completion — Hui Bel Zi 06186#, 06187#, 06188#, 06189#, 06190#, 06191#, 06192#, 06193#, 06288, 06287, 09414, 10444 and 11375, the property was certified to be completed.
- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Wuzhou Ornament City has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;

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- ii. Wuxi Wuzhou Ornament City has acquired the building ownership rights of portion of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the building ownership rights;
- iii. Wuxi Wuzhou Ornament City has acquired the requisite permits and approvals for the construction of the property; and
- iv. as confirmed by Wuxi Wuzhou Ornament City, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
42.	Portion of Phase I of Wuxi Wuzhou International Industrial Exhibition City, North of Jincheng East Road, South of Xitai Road, East of Xinfang Road, New District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Industrial Exhibition City (the "Development") is a large-scale composite development erected on two parcels of land with a total site area of approximately 293,118.70 sq.m. (3,155,130 sq.ft.).</p> <p>The property comprises various commercial units of Phase I of the Development with a total gross floor area of approximately 27,562.22 sq.m. (296,680 sq.ft.) and was completed in 2010.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on January 14, 2048 for commercial use.</p>	As at the date of valuation, the property was subject to various tenancies with the latest one due to expire on December 25, 2013 at a total annual rental of approximately RMB987,000.	RMB155,800,000 (100% interest attributable to the Group: RMB155,800,000)

Notes:

- Pursuant to two State-owned Land Use Rights Certificates — Xi Xin Guo Yong (2008) Di Nos. 16 and 17 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 293,118.70 sq.m. have been granted to Wuxi Zhongnan Property Investment Co., Ltd. ("Wuxi Zhongnan") for a term expiring on January 14, 2048 for commercial use.
- Pursuant to 325 Building Ownership Certificates issued by the Real Estate Administrative Bureau of New District, Wuxi, the building ownership rights of the property approximately 12,649.91 sq.m. are vested in Wuxi Zhongnan.

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.
- Pursuant to 100 Certificates of Completion — Xi Bei Zi 2009-316 to 365, 2010-332 to 336, 2011-172 to 207, 2012-049 to 052 and 2012-147 to 150, the property was certified to be completed.
- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Zhongnan has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi Zhongnan has acquired the building ownership rights of portion of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the building ownership rights;
 - Wuxi Zhongnan has acquired the requisite permits and approvals for the construction of the property; and
 - as confirmed by Wuxi Zhongnan, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
43.	Portion of Phases I and II of Wuxi Wuzhou International Columbus Plaza, No. 289 Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou International Columbus Plaza (the "Development") is a large-scale composite development erected on two parcels of land with a total site area of approximately 69,251.40 sq.m. (745,422 sq.ft.).</p> <p>The property comprises portion of the commercial areas of Phases I and II of the Development with a total gross floor area of approximately 42,173.62 sq.m. (453,957 sq.ft.) and was completed in between 2010 and 2013.</p> <p>The land use rights of the property have been granted for three terms expiring on December 26, 2047, December 25, 2048 and December 25, 2058 for commercial (market) and office uses respectively.</p>	<p>Portions of the property with a total gross floor area of 34,555.30 sq.m. were subject to various tenancies with the latest one due to expire on September 27, 2029 at a total annual rental of approximately RMB10,670,000 as at the date of valuation.</p>	<p>RMB659,000,000 (64.3% interest attributable to the Group: RMB423,737,000)</p>

Notes:

- Pursuant to two State-owned Land Use Rights Certificates — Xi Chong Guo Yong (2008) Di No. 2 and Xi Chong Guo Yong (2011) Di No. 19 issued by the People's Government of Wuxi, the land use rights of two parcels of land with a total site area of 69,251.40 sq.m. have been granted to Wuxi Chonganxincheng Longan Property Co., Ltd. ("Wuxi Longan") for three terms expiring on December 26, 2047, December 25, 2048 and December 25, 2058 for commercial (market) and office uses respectively.
- Pursuant to four Pre-sale Permits — (2008) Yu Xiao Zhun Zi Di Nos. 094 and 120 and (2009) Yu Xiao Zhun Zi Di Nos 010 and 027, Wuxi Longan is permitted to pre-sell the property.
- Pursuant to three Certificates of Completion — Xi Bei Zi Nos. 1621, 1629 and 1630, the property was certified to be completed.
- Pursuant to 25 Building Ownership Certificates — Xi Fang Quan Zheng Chong An Zi Di Nos. WX1000318422, WX1000318425, WX1000318457, WX1000318458, WX1000318488, WX1000318430, WX1000318497, WX1000318506, WX1000318513, WX1000318514, WX1000318515, WX1000318518, WX1000318519, WX1000318520, WX1000318523, WX1000318525, WX1000318526, WX1000318532, WX1000318533, WX1000318534 and WX1000318536, Xi Fang Quan Zheng Zi Di Nos. WX1000632029, WX1000632027, WX1000632024 and WX1000632023, the building ownership rights of various buildings with a total gross floor area of approximately 36,577.35 sq.m. are vested in Wuxi Longan.

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi Longan has acquired the land use rights and is entitled to occupy, use, lease, transfer, mortgage or by other means dispose of the land use rights;
 - Wuxi Longan has acquired the building ownership rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the building ownership rights;
 - Wuxi Longan has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi Longan has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi Longan, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

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Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
44.	Portion of Meicun Wuzhou International Plaza, Junction of Xinyou North Road and Xiyi Road, New Area, Wuxi, Jiangsu Province, PRC	<p>Meicun Wuzhou International Plaza (the "Development") is a large-scale composite development erected on a parcel of land with a site area of approximately 23,677.40 sq.m. (254,864 sq.ft.).</p> <p>The property comprises portion of the commercial area of the Development with a total gross floor area of approximately 23,281.91 sq.m. (250,606 sq.ft.) and was completed 2012.</p> <p>The land use rights of the property have been granted for two terms expiring on January 19, 2050 and January 19, 2060 for commercial and office uses respectively.</p>	The property was subject to various tenancies with the latest one due to expire on December 31, 2032 at a total annual rental of approximately RMB7,700,000 as at the date of valuation.	RMB273,000,000 (90% interest attributable to the Group: RMB245,700,000)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract – No. 3202032010CR0006 dated January 20, 2010 and its supplementary agreement dated May 14, 2010, a parcel of land with a site area of approximately 23,677.40 sqm. was contracted to be granted to Wuxi Wuzhou International Property Co., Ltd. ("Wuxi International Property") at a land grant fee of RMB 106,000,000 for two terms of 40 and 50 years for commercial and office uses respectively.
- Pursuant to the State-owned Land Use Rights Certificate — Xi Xin Guo Yong (2010) Di No. 025 issued by the People's Government of Wuxi, the land use rights of a parcel of land with a site area of 23,677.40 sq.m. have been granted to Wuxi International Property for two terms expiring on January 19, 2050 and January 19, 2060 for commercial and office uses respectively.
- Pursuant to the Pre-sale Permit — (2011) Yu Xiao Zhuan Zi Di No. 063, Wuxi International Property is permitted to pre-sell the property.
- Pursuant to eight Certificates of Completion — Nos. Xi Bei 2012-353 to 360, the property was certified to be completed.
- Pursuant to 73 Building Ownership Certificates, the building ownership rights of various buildings with a total gross floor area of 9,873.91 sq.m. have been granted to Wuxi International Property.

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

- As advised, the property is subject to various mortgages.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - Wuxi International Property has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - Wuxi International Property has acquired the building ownership rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the building ownership rights;
 - Wuxi International Property has acquired the requisite permits and approvals for the construction of the property;
 - Wuxi International Property has acquired the requisite approvals to pre-sell the property; and
 - as confirmed by Wuxi International Property, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
45.	Portion of Zones B and C of Wuxi Wuzhou International Chinese Food Culture Exposition City, East of the junction of Jianghai Road and Guangyi Road, Chongan District, Wuxi, Jiangsu Province, PRC	<p>Wuxi Wuzhou Chinese International Food Culture Exposition City (the "Development") is a large-scale composite development erected on three parcels of land with a total site area of approximately 39,980.20 sq.m. (430,347 sq.ft.).</p> <p>The property comprises portion of the commercial area of the Development with a total gross floor area of approximately 9,512.15 sq.m. (102,389 sq.ft.) and was completed in between 2011 and 2013.</p> <p>The land use rights of the property have been granted for two terms expiring on December 24, 2048 and December 24, 2058 for commercial office and commercial (5-star hotel) uses respectively.</p>	Portion of the property with a total gross floor area of 7,279.14 sq.m. was subject to various tenancies with the latest one due to expire on October 10, 2020 and was under the rent free period as at the date of valuation.	<p>RMB85,000,000 (51% interest attributable to the Group: RMB43,350,000)</p>

Notes:

1. Pursuant to three State-owned Land Use Rights Certificates — Xi Chong Guo Yong (2009) Di Nos. 77, 78 and 79 issued by the People's Government of Wuxi, the land use rights of three parcels of land with a total site area of 39,980.20 sq.m. have been granted to Wuxi Longxiang Investment Co., Ltd. ("Wuxi Longxiang") for two terms expiring on December 24, 2048 and December 24, 2058 for commercial office and commercial (5-star hotel) uses respectively.
 2. Pursuant to 273 Building Ownership Certificates, the building ownership rights of various buildings with a total gross floor area of 7,776.33 sq.m. are vested in Wuxi Longxiang.
- As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.
3. As advised, the property is subject to various mortgages.
 4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Wuxi Longxiang has acquired the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights;
 - ii. Wuxi Longxiang has acquired the building ownership rights of the property and is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the building ownership rights; and
 - iii. as confirmed by Wuxi Longxiang, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written consent has to be obtained from the mortgagees before such portion can be leased or re-mortgaged.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group V — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
46.	A parcel of land located at West of Nanshan Road, South of Longquan Road, Longkou, Yantai, Shandong Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 256,523.85 sq.m. (2,761,223 sq.ft.).</p> <p>As advised, the permitted gross floor area of the property is approximately 641,309.63 sq.m. (6,903,057 sq.ft.) for commercial use.</p>	As at the date of valuation, the property was vacant.	No commercial value

Notes:

- Pursuant to the Investment Agreement and its Supplementary Agreement ("Investment Agreement") entered into between the People's Government of Longkou and Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"), the People's Government of Longkou agreed in principle to provide parcels of land with a total site area of approximately 455.78 mu (303,855.00 sq.m.) to Wuzhou Decoration City.

As advised, the property comprises portion of the land as mentioned in the said agreement.

- We have ascribed no commercial value to the property as the Group does not have a proper legal title to the property. For reference purpose, if the property can be freely transferable in the market, the market value of the property as at date of the valuation was RMB436,000,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - the Investment Agreement mentioned in Note 1 does not violate the relevant PRC laws and it is legally enforceable upon signing of the agreement.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group V — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
47.	A parcel of land located at West of 3 rd Ring Road and North of 304 National Highway, Yuhong District, Shenyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 100,000.00 sq.m. (1,076,400 sq.ft.).</p> <p>As advised, the permitted gross floor area of the property is approximately 100,000.00 sq.m. (1,076,400 sq.ft.) for commercial use.</p>	As at the date of valuation, the property was vacant.	No commercial value

Notes:

- Pursuant to the Investment Framework Agreement and its Supplementary Agreement ("Investment Framework Agreement") entered into between the People's Government of Yuhong District, Shenyang and Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"), the People's Government of Yuhong District, Shenyang agreed in principle to provide parcels of land with a total site area of approximately 1,700 mu (1,133,322 sq.m.) to Wuxi Wuzhou Ornament City. Details of the development parameters are as follows:

Phase	Use	Area (mu)	Plot ratio	Unit Price (RMB/mu)
Land Parcel A	Commercial	1,000 mu	≤2.0	RMB600,000/mu
Land Parcel B	Residential	300 mu	≤2.5	RMB700,000/mu
Land Parcel C	Storage and logistic	400 mu	≤1.3	RMB250,000/mu

As advised, the property comprises portion of the land as mentioned in the said agreement.

- We have ascribed no commercial value to the property as the Group does not have a proper legal title to the property. For reference purpose, if the property can be freely transferable in the market, the market value of the property as at the date of valuation was RMB405,000,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - the Investment Agreement mentioned in Note 1 does not violate the relevant PRC laws and it is legally enforceable upon signing of the agreement.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group V — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
48.	A parcel of land located at North of 310 National Highway and East of Qinling Road, Jianxi District, Luoyang, Henan Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 133,334.00 sq.m. (1,435,207 sq.ft.).</p> <p>As advised, the permitted gross floor area of the property is approximately 400,002.00 sq.m. (4,305,622 sq.ft.) for residential and commercial uses.</p>	As at the date of valuation, the property was vacant.	No commercial value

Notes:

- Pursuant to the Investment Agreement entered into between the People's Government of Xigong District of Luoyang and Wuxi Zhongnan Property Investment Co., Ltd. ("Wuxi Zhongnan"), the People's Government of Xigong District of Luoyang agreed in principle to provide parcels of land with a total site area of approximately 602 mu (401,335 sq.m.) to Wuxi Zhongnan.

As advised, the property comprises portion of the land as mentioned in the said agreement.

- We have ascribed no commercial value to the property as the Group does not have a proper legal title to the property. For reference purpose, if the property can be freely transferable in the market, the market value of the property as at the date of valuation was RMB328,000,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - the Investment Agreement mentioned in Note 1 does not violate the relevant PRC laws and it is legally enforceable upon signing of the agreement.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group V — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
49.	A parcel of land located at North of Dainan Avenue, Xinghua, Taizhou, Jiangsu Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 66,667.00 sq.m. (717,604 sq.ft.).</p> <p>As advised, the permitted gross floor area of the property is approximately 66,667.00 sq.m. (717,604 sq.ft.). for commercial use.</p>	As at the date of valuation, the property was vacant.	No commercial value

Notes:

1. Pursuant to the Investment Agreement entered into between the People's Government of Dainan, Xinghua and Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"), the People's Government of Dainan, Xinghua agreed in principle to provide parcels of land with a total site area of approximately 100 mu (66,667 sq.m.) to Wuxi Wuzhou Ornament City for commercial use.
2. We have ascribed no commercial value to the property as the Group does not have a proper legal title to the property. For reference purpose, if the property can be freely transferable in the market, the market value of the property as at the date of valuation was RMB40,000,000.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. the Investment Agreement mentioned in Note 1 does not violate the relevant PRC laws and it is legally enforceable upon signing of the said agreement.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group V — Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2013
50.	A parcel of land located at East of Yingbin Avenue and North of Chengnan Avenue, Rongchang, Chongqing, PRC	<p>The property comprises a parcel of land with a site area of approximately 133,334.00 sq.m. (1,435,207 sq.ft.).</p> <p>As advised, the permitted gross floor area of the property is approximately 160,000.80 sq.m. (1,722,249 sq.ft.) for commercial use.</p>	As at the date of valuation, the property was vacant.	No commercial value

Notes:

- Pursuant to the Investment Agreement entered into between the People's Government of Rongchang and Wuxi Wuzhou Ornament City Co., Ltd. ("Wuxi Wuzhou Ornament City"), the People's Government of Rongchang agreed in principle to provide parcels of land with a total site area of approximately 600 mu (400,002 sq.m.) to Wuxi Wuzhou Ornament City for commercial use.

As advised, the property comprises portion of the land as mentioned in the said agreement.

- We have ascribed no commercial value to the property as the Group does not have a proper legal title to the property. For reference purpose, if the property can be freely transferable in the market, the market value of the property as at the date of valuation was RMB108,800,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - the Investment Agreement mentioned in Note 1 does not violate the relevant PRC laws and it is legally enforceable upon signing of the agreement.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
51.	Level 4, Block 5, Jinxiuyuan, Yancheng, Jiangsu Province, PRC	<p>The property comprises Level 4 of a 7-storey building completed in 2007.</p> <p>The gross floor area of the property is approximately 758.04 sq.m. (8,160 sq.ft.).</p> <p>The property is leased from an independent third party from a term expiring on May 31, 2014 at an annual rental of RMB180,000.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has been registered.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
52.	Level 4, No. 1 of Block 6, Renhe Xiaoqu Er Zhi Lu, Banqiao Industrial Zone, Rongchang, Sichuan Province, PRC	<p>The property comprises Level 4 of a 6-storey commercial building completed in 2007.</p> <p>The gross floor area of the property is approximately 117.00 sq.m. (1,259 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on August 25, 2013 at an annual rental of RMB5,100.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the lessee has not provided us with any title documents which can prove that if the lessor has the rights to lease out the property. There is a risk that the tenancy will be declared invalid by the relevant authority if the lessor does not have the rights to lease out the property.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
53.	Units 505, 507 and 509 to 515, Level 5, Jiande Shangwu Dasha, Zhouloung Road, Zhoucun District, Zibo, Shandong Province, PRC	<p>The property comprises various units on Level 5 of an 11-storey commercial building completed in 2011.</p> <p>The total gross floor area of the property is approximately 388.20 sq.m. (4,179 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on September 19, 2013 at an annual rental of RMB83,432.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has not been registered, but it does not affect its validity. However, the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessee may be fined between RMB1,000 and RMB10,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
54.	Unit 2005, Level 20, Bo Run International Tower, No. 17 Beier East Road, Tiexi District, Shenyang, Liaoning Province, PRC	<p>The property comprises a unit on Level 20 of a 27-storey commercial building completed in 2004.</p> <p>The gross floor area of the property is approximately 51.89 sq.m. (559 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on November 9, 2013 at an annual rental of RMB25,200.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has not been registered, but it does not affect its validity. However, the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessee may be fined between RMB1,000 and RMB10,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
55.	Units 2006 and 2007, Level 20, Bo Run International Tower, No. 17 Beier East Road, Tiexi District, Shenyang, Liaoning Province, PRC	<p>The property comprises two units on Level 20 of a 27-storey commercial building completed in 2004.</p> <p>The gross floor area of the property is approximately 103.78 sq.m. (1,117 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on October 25, 2013 at an annual rental of RMB50,400.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has not been registered, but it does not affect its validity. However, the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessee may be fined between RMB1,000 and RMB10,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
56.	Unit 2212, Level 22, Bo Run International Tower, No. 17 Beier East Road, Tiexi District, Shenyang, Liaoning Province, PRC	<p>The property comprises a unit on Level 22 of a 27-storey commercial building completed in 2004.</p> <p>The gross floor area of the property is approximately 63.79 sq.m. (687 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on October 24, 2013 at an annual rental of RMB34,800.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has not been registered, but it does not affect its validity. However, the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessee may be fined between RMB1,000 and RMB10,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
57.	Unit 506, Dongfang Yinzuo, Huilong Town, Qidong, Nantong, Jiangsu Province, PRC	<p>The property comprises an office unit on Level 5 of a 24-storey commercial building completed in 2010.</p> <p>The gross floor area of the property is approximately 101.11 sq.m. (1,088 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on June 3, 2013 at an annual rental of RMB50,000.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has not been registered, but it does not affect its validity. However, the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessee may be fined between RMB1,000 and RMB10,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
58.	Room 903 on Level 9, Forte Jia Nian Hua Plaza, Junction of Xincheng Avenue and Boxue Road, Jingyue District, Changchun, Jilin Province, PRC	<p>The property comprises a unit on Level 9 of a 10-storey commercial building completed in 2012.</p> <p>The gross floor area of the property is approximately 77.66 sq.m. (836 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on August 20, 2013 at an annual rental of RMB28,800.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has been registered.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
59.	Room 904 on Level 9, Forte Jia Nian Hua Plaza, Junction of Xincheng Avenue and Boxue Road, Jingyue District, Changchun, Jilin Province, PRC	<p>The property comprises a unit on Level 9 of a 10-storey commercial building completed in 2012.</p> <p>The gross floor area of the property is approximately 57.15 sq.m. (615 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on August 20, 2013 at an annual rental of RMB21,600.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has been registered.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
60.	19th Floor, Columbus Plaza Tower B, No. 287 Guangyi Road, Wuxi, Jiangsu Province, PRC	<p>The property comprises Level 19 of a 19-storey commercial building completed in 2010.</p> <p>The gross floor area of the property is approximately 1,126.71 sq.m. (12,128 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on June 30, 2015 at an annual rental of RMB202,800.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has been registered.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group VI — Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at February 28, 2013
61.	Units E6-213 and E6-215, Phase 1 of Wuxi Wuzhou International Ornamental City, No. 668 Shengan West Road, Huishan District, Wuxi, Jiangsu Province, PRC	<p>The property comprises two units on Level 2 of a 2-storey commercial building completed in 2008.</p> <p>The gross floor area of the property is approximately 102.86 sq.m. (1,107 sq.ft.).</p> <p>The property is leased from an independent third party for a term expiring on March 27, 2014 at an annual rental of RMB27,048.</p>	As at the date of valuation, the property was occupied by the Group for office use.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and binding; and
 - ii. the tenancy agreement has been registered.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

TAXATION OF OUR COMPANY

PRC Taxation

PRC Deed Tax

Under the Provisional Regulations of the PRC on the Deed Tax 《中華人民共和國契稅暫行條例》 which took effect on October 1, 1997, deed tax applies to entities and individuals that accept the transfer of land use rights and the ownership of houses within the territory of the PRC.

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

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

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

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

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

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

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

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

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

Income Tax

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

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

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

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

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Business Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Business Tax 《中華人民共和國營業稅暫行條例》 amended by the State Council on November 10, 2008 and effective as of January 1, 2009 and its Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Business Tax 《中華人民共和國營業稅暫行條例實施細則》 issued by the Ministry of Finance on December 15, 2008 and effective as of January 1, 2009 the tax rate on transfers of immovable properties, their superstructures and attachments is 5%.

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

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

Land Appreciation Tax

Under the Provisional Regulations on Land Appreciation Tax of the PRC 《中華人民共和國土地增值稅暫行條例》 promulgated by the State Council on December 13, 1993 and its implementation rules, land appreciation tax or LAT, applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and the construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such an exemption is not available and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

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

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

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

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

According to the implementing rules of Provisional Regulations on Land Appreciation Tax of the PRC, a provision of LAT may be made before the completions of construction of the tax payer transfers the proceeds of pre-sale. The provision rate may be determined by Local government subject to the minimum requirement set forth by the State Administration of Taxation.

Urban Land-use Tax

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land-Use Tax in Cities and Towns 《中華人民共和國城鎮土地使用稅暫行條例》 enacted by the State Council on September 27, 1988 and effective as of November 1, 1988, land-use taxes in respect of urban land is to be levied according to the area of relevant land. The annual tax shall be between RMB0.2 and RMB10 per square meter of urban land. According to the Approval on Land-Use Tax Exemption of Foreign Investment Enterprises 《關於外商投資企業征免土地使用稅問題的批復》 issued by the State Administration of Taxation on March 27, 1997, land-use fees instead of land-use taxes were to be collected from foreign-invested enterprises. However, the Provisional Regulations of the People's Republic of China Governing Land-Use Tax in Cities and Towns was revised by the State Council on December 31, 2006. As of January 1, 2007, land-use taxes are to be collected from foreign-invested enterprise. The annual tax is between RMB0.6 and RMB30.0 per square meter of urban land. On June 1, 2007, the State Administration of Taxation promulgated the Approval on Levy of Urban Land-Use Tax of Foreign Investment Enterprises and Foreign Enterprise 《關於外商投資企業和外國企業徵收城鎮土地使用稅問題的批復》 and restated the above points.

Real Estate Tax

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

By issuance of PRC State Council Order 546 《中華人民共和國國務院令 2008第 546號》 on December 31, 2008, the State Council unifies the two parallel real estate tax systems by abolishing the urban real estate tax. Starting from January 1, 2009, all enterprises, organizations and individuals that own or use real estate in China shall subject to real estate tax by using the calculation method as

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mentioned in the PRC Provisional Rules on Real Estate Tax 《中華人民共和國房產稅暫行條例》 promulgated by the State Council on September 15, 1986.

Stamp duty

Under the Provisional Regulations on Stamp Duty of the PRC 《中華人民共和國印花稅暫行條例》 promulgated by the State Council on August 6, 1988, effective on October 1, 1988 and revised on January 8, 2011, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including Building Ownership Certificates and Land Use Rights Certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Urban maintenance and construction tax and Education surcharge

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

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

FOREIGN CURRENCY EXCHANGE

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

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

The principal regulation governing foreign currency exchange in the PRC is the Regulations for the Control of Foreign Exchange, or the Foreign Exchange Regulations of the People's Republic of China 《中華人民共和國外匯管理條例》, promulgated by the State Council in January 1996, as amended in January 1997 and August 2005. Under these regulations, Renminbi are freely convertible for

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

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

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles 《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》, or SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC resident is required to register with the local branch of SAFE before he or she establishes or controls an overseas special purpose vehicle, or overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident transfers assets of or equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such a PRC resident shall register his or her interest in the overseas SPV and the change thereof with the local branch of SAFE; and (iii) when the overseas SPV undergoes a material capital change event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of SAFE. Afterwards, SAFE issued guidances to its local branches with respect to the procedures for SAFE registration, which strengthens the supervision on registration pursuant to SAFE Circular No. 75 and imposes obligations on onshore subsidiaries of the overseas SPVs to coordinate with and supervise the relevant PRC residents to complete the registration.

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

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market 《關於規範房地產市場外資准入和管理的意見》 (the "171 document"). The 171 document provides that: (i) foreign organizations and individuals who have established FIEs are allowed to invest and purchase non-self-resided real estate in China; branches or representative offices of foreign organizations established in China and foreign individuals who work or study in China for over a year are eligible to purchase commodity properties which match their real needs for self-utilization or self-residence under their real names; (ii) the registered capital of foreign-invested real estate corporations with total investments of more than US\$10 million shall be no less than 50% of its total investment; (iii) foreign-invested real estate corporates can apply for the formal FIE approval certificate and business license only after they have paid back all the land premium and obtained the State-owned land use rights certificate; (iv) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire Chinese domestic real estate corporations; (v) no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into RMB if the foreign-invested real estate corporations have not paid their registered capital in full, or have not obtained the State-owned land use rights certificate, or their internal fund for a development project is less than 35% of the total investment; and (vi) by no means can Chinese

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or foreign investors make any commitment in any documents to guarantee a fixed return or fixed revenue in disguised form for any party in the contract.

In accordance with the 171 document, MOFCOM and SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry 《關於進一步加強、規範外商直接投資房地產審批和監管的通知》 (“**No. 50 Notice**”) on May 23, 2007. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. For foreign-invested company intending to engage in the property development business, the land use right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the proposed foreign-invested real estate company will not be approved by the authorities. For existing foreign-invested company who intends to expand its operations in its business operation or company who intends to engage in the operation or development of the new real estate project, they should undertake relevant procedures with the approval authority.

No. 50 Notice strictly controls the acquisition or merger of domestic real estate enterprises by means of return investment (includes the same effective controller). It also prohibits Chinese or foreign investors in real estate joint ventures to reach any terms that aim to achieve a fixed return for either party. Once the local authority has approved the establishment of a foreign-invested real estate enterprise, it should immediately file such approval with the MOFCOM.

The local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for foreign-invested real estate company who fails to satisfy the MOFCOM for filing requirement or to pass the joint annual examination of foreign-invested enterprises.

On July 10, 2007, the General Department of SAFE issued the Notice on Issuing the List of the First Batch of Foreign-invested Real Estate Projects Having Passed the Procedures for Filing with the Ministry of Commerce 《國家外匯管理局綜合司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 “**No. 130 Rule**”). The No. 130 Rule included the list of the first batch of foreign-funded real estate projects that passed MOFCOM’s filing procedures. According to No. 130 Rule, registration regarding the establishment of foreign-invested real estate enterprises shall be made with MOFCOM. However, such real estate enterprises with foreign investment as filed with MOFCOM will not be permitted to borrow money from overseas, including through shareholder loans and foreign commercial loans. Further, for those which fail to file with MOFCOM after June 1, 2007, neither foreign exchange registration, foreign exchange alteration registration nor sale and purchase of foreign exchange under capital account will be effected with SAFE or its branches.

The No. 130 Rule was abolished on May 13, 2013 by 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》 (“**No. 21 Notice**”) which was promulgated by SAFE on May 10, 2013. However, the restriction measures on the foreign debt of foreign-invested real estate enterprises stipulated in the No. 130 Rule have been reflected in the Measures for the Administration of Foreign Debt Registration 《外債登記管理辦法》 (“**No. 19 Notice**”) issued by SAFE on April 28, 2013.

On August 29, 2008, SAFE issued the “Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises” 《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》 (“**Notice 142**”) which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the

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business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its supervision over the flow and use of Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise. An offshore holding company that uses foreign exchange to invest in real estate businesses in the PRC is typically required to conduct the real estate operations through PRC subsidiaries that were established as foreign-invested real estate companies and invest in such foreign-invested PRC subsidiaries through equity contribution. In addition, it is required to complete the requisite filing procedures with MOFCOM before it can remit any funds from offshore. The use of such Renminbi capital may not be changed without SAFE's approval, and may not, in any case, be used to repay or prepay Renminbi loans if such loans have not been used. Violations of Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations.

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

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

APPENDIX V SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS

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 in 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, 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 central PRC governments may impose more stringent requirements regarding the registered capital and professional qualifications of real estate enterprises.

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

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

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

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

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries 《關於調整部分行業固定資產投資項目資本金比例的通知》 issued by the State Council on April 26, 2004, the 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 the 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%.

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In July 2006, the Ministry of Construction, the Ministry of Commerce, NDRC, PBOC, the State Administration for Industry and Commerce 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》.

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 State-owned Land-Use Right Grant Contract, the Permit for Land Planning for Construction Purpose and the Permit for the Planning of Construction Projects; (b) the State-owned Land-Use 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 foreign invested real estate enterprise, or FIREE, shall not be less than 50% of its total investment if its total investment exceeds US\$3.0 million, and the registered capital of a FIREE shall not be less than 70% of its total investment if its total investment is US\$3.0 million or less.

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

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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 (the "No. 50 Notice") 《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign investment in real estate enterprises, and strictly control foreign fund from investing in high quality real estate development projects. For establishment of a foreign invested real estate enterprise, land use rights, house or other construction ownership right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the establishment will not be approved by the authorities. For existing foreign invested company who intends to engage in real estate development or operation business or intends to engage in the operation or development of new real estate projects, they should undertake relevant procedures to expand business scope or enlarge the operation scale with the approval authority.

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

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

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

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

In June 2008, MOFCOM issued the Notice on Completing 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》, often known as "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.

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

QUALIFICATIONS OF A REAL ESTATE DEVELOPER

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

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Approval measures of Class 2 or lower qualifications are formulated by the construction authorities at the provincial level. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 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 employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and operation of real estate within its approved scope of business and may not engage in business which is limited to another classification.

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 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

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Residential Quality Guarantee (住宅質量保證書) and Residential User Manual (住宅使用說明書) 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.

In addition, pursuant to the Provisions on Administration of Qualifications, newly-established real estate developer shall make application with the competent authorities for a tentative qualification

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certificate (暫定資質證書) within 30 days from the date of the business licence. Developer applying 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.

Pursuant to the Implementation Rules of the Provisions on the Administration of Qualification Certificates of Real Estate Developers in Jiangsu Province (《江蘇省實施<房地產開發企業資質管理規定>細則》) (Su Jian Fang [2001] No.250) ("**Implementation Rules of Jiangsu**") effective on August 6, 2001, the discrepancies between the conditions to be satisfied by real estate developers applying for qualification certificates and the Provisions on Administration of Qualifications are as follows:

- **Class 1 qualification:** real estate developers in Jiangsu applying for Class 1 qualification shall satisfy the same conditions as those prescribed under the Provisions on Administration of Qualifications in respect of registered capital, total years of experience in project development, passing rate of quality of construction work, numbers and qualifications of professionals, quality control system and the requirement for no occurrence of any major accident relating to construction quality. However, the Implementation Rules of Jiangsu contains different requirements for total GFA developed and accumulative capital investment. Pursuant to the Implementation Rules of Jiangsu, real estate developers applying for Class 1 qualification must satisfy the following conditions: (1) in the past three years, the accumulative GFA completed shall be not less than 300,000 sq.m. or the accumulative capital investment made for real estate development shall be over RMB300 million; and (2) a GFA of over 150,000 sq.m. of building construction has been completed or the capital investment made for real estate development was over RMB150 million last year.
- **Class 2 qualification:** real estate developers in Jiangsu applying for Class 2 qualification shall satisfy the same conditions as those prescribed under the Provisions on Administration of Qualifications in respect of registered capital, total years of experience in project development, passing rate of quality of construction work, numbers and qualifications of professionals (except for architectural and construction professionals), quality control system and the requirement for no occurrence of any major accident relating to construction quality. However, the Implementation Rules of Jiangsu contains different requirements for total GFA developed, accumulative capital investment and the numbers and qualifications of architectural and construction professionals. Pursuant to the Implementation Rules of Jiangsu, real estate developers applying for Class 2 qualification must satisfy the following conditions: (1) in the past three years, the accumulative GFA completed shall be not less than 150,000 sq.m. or a GFA of over 80,000 sq.m. of building construction has been completed last year; (2) in the past three years, the accumulative capital investment made for real estate development shall be over RMB150 million or the capital investment made for real estate development was over RMB80 million last year; and (3) the number of architectural and construction management staff with professional titles of intermediate level or above shall be no less than four persons.
- **Class 3 qualification:** real estate developers in Jiangsu applying for Class 3 qualification shall satisfy the same conditions as those prescribed under the Provisions on Administration of Qualifications in respect of the total years of experience in project development, passing rate of quality of construction work completed, numbers and qualifications of professionals, quality control system and the requirement for no occurrence of any major accident relating to construction quality. However, the Implementation Rules of Jiangsu contains different requirements for registered capital, total GFA developed and accumulative capital investment. Pursuant to the Implementation Rules of Jiangsu, real estate developers

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applying for Class 3 qualification must satisfy the following conditions: (1) over one year of operating experience in real estate development is required; (2) in the past three years, the accumulative GFA completed shall be not less than 50,000 sq.m. or a GFA of over 30,000 sq.m. of building construction has been completed last year; or the accumulative capital investment made for real estate development in the past three years shall be over RMB50 million or the capital investment made for real estate development was over RMB30 million last year; (3) the passing rate of quality of construction work completed is 100%; and (4) the number of architectural and construction management staff with professional titles of intermediate level or above shall be no less than two persons.

- **Class 4 qualification:** real estate developers in Jiangsu applying for Class 4 qualification shall satisfy the same conditions as those prescribed under the Provisions on Administration of Qualifications in respect of registered capital, numbers and qualifications of professionals (except for architectural and construction professionals), quality control system and the requirement for no occurrence of any major accident relating to construction quality. However, the Implementation Rules of Jiangsu contains different requirements for the total years of experience in project development, total GFA developed, accumulative capital investment, passing rate of quality of construction work and numbers and qualifications of architectural and construction professionals. Pursuant to the Implementation Rules of Jiangsu, real estate developers applying for Class 4 qualification must satisfy the following conditions: (1) the registered capital shall be not less than RMB4 million; and (2) in the past three years, the accumulative GFA completed shall be not less than 20,000 sq.m. or a GFA of over 10,000 sq.m. of building construction has been completed last year; or the accumulative capital investment made for real estate development in the past three years shall be over RMB20 million or the capital investment made for real estate development was over RMB10 million last year.

Besides, pursuant to the Implementation Rules of Jiangsu, a real estate developer shall apply to the local real estate development authority of where the registration authority locates for extension of the validity of the tentative qualification certificates or verification of the relevant class of qualification within one month before the expiry of the tentative qualification certificate. The provincial administrative department for construction shall extend the validity of tentative qualification certificates for one year or verify the respective class of qualification according to the preliminary review opinions of the municipal real estate development authority in such region and the conditions of development and operations of the developer.

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

DEVELOPMENT OF A REAL ESTATE PROJECT

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

According to Several Opinions on Further Utilizing Foreign Investment 《關於進一步做好利用外資工作的若干意見》 promulgated by the State Council on April 6, 2010 and a Notice on Decentralizing the Examination and Approval Authority for Foreign Investment 《關於做好外商投資項目下放核准權限工作的通知》 issued by the NDRC on May 4, 2010, an encouraged or permitted

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project with a total investment (including capital increase) of less than US\$300 million in the Catalog for the Guidance of Foreign Investment Industries, or Catalog, shall be verified and approved by the relevant provincial development and reform commission unless the Catalog requires it to be verified and approved by the relevant department of the State Council. The verification and approval rights to restricted projects will not be delegated to local level temporarily.

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

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (the "Interim Regulations on Grant and Assignment") 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》 promulgated by the State Council 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 within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law and the Interim 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 acquisition 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 Ministry of Land and Resources in March 1999, 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 Ministry of Land and Resources in July 2001, as amended in October 2004 and November 2008. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land 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 Ministry of Land and Resources on April 28, 1999, as amended in June 2012, it shall be idle land which the land user fails to commence developing after one year from the construction

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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 land idle 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 the sum already expended on the development of the land is less than one-fourth of the total investment of the project and the suspension of development of the land has lasted for one year or more.

According to the Regulations on Idle Land Administration, if the land user fails to commence developing the land after one year from the construction commencement date, then the local land administration authority, with approval by the local government, shall charge the land user a "land idle fee" of 20% of the land premium, which is not permitted to be disbursed from the cost. If the land user fails to commence development of the relevant land after two years from the deadline, with approval by the local government, the land user's land use rights shall be forfeited by local land administration authority without compensation. However, the foresaid penalties do not apply if the failure to commence development and construction is due to force majeure or caused by government actions. Where the land user reserves or speculates lands on purpose by violating laws or regulations, or breaching contractual obligations or land allotment letter, the local land administration authority shall not accept its new land use application or registration of transfer, lease, charge and change of its idle land. Relevant local land use administration departments shall inform finance administration departments of the information of idle land.

On January 3, 2008, the State Council issued a Notice on Promoting Economization of Land Use 《關於促進節約集約用地的通知》, which urges the full and effective use of existing construction land. The notice also emphasizes the strict enforcement of the current rules on idle land. If a piece of land has been idled for two years or more, it must be taken back free of charge in accordance with laws and regulations, and rearranged for any other uses; if the land does not meet the statutory conditions for being taken back, it must be timely dealt with and fully used through changing usage, replacement by parity value, temporary usage or incorporation into government reserves. If a piece of land has been idled for one year or more but less than two years, an idle land fee must be collected at a price of 20% of the transfer or allotment price. Financial institutions shall not grant loans to illegal land use projects and such projects shall not be approved for [●].

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, 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 Law of the People's Republic of China on Urban and Rural Planning 《中華人民共和國城鄉規劃法》 promulgated by the Standing Committee of the National People's Congress in October 2007, effective from January 1, 2008, and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority. According to the Law of the People's Republic of China on Urban and Rural Planning, a construction entity shall return the land or compensate relevant parties if it gets the approval of land use right without a permit for construction works planning. Such land use right approval shall be forfeited by the relevant authority. If a construction entity starts a project construction without obtaining a planning permit or violates the provisions of the planning permit, it will be punished by local planning administration authorities by way of stopping construction, imposing a fine based on construction costs or removing the completed construction.

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

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When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works《建築工程施工許可管理辦法》promulgated by the Ministry of Construction in October 1999, 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 work, 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 ("Acceptance Examination Measures")《房屋建築工程和市政基礎設施工程竣工驗收暫行規定》promulgated by the Ministry of Construction in June 2000. The developer must also report details of the acceptance examination according to the Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》promulgated by the Ministry of Construction in April 2000, as amended in October 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

There are several laws and regulations regulating environment protection in the real estate industry in the PRC, including Environmental Protection Law of the People's Republic of China《中華人民共和國環境保護法》, Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise《中華人民共和國環境噪聲污染防治法》, Law of the People's Republic of China on Appraising of Environment Impacts《中華人民共和國環境影響評價法》, Regulation of Environment Protection in Construction Projects《建設項目環境保護管理條例》, Law 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 relevant authority to start the construction. A construction enterprise shall, upon completion of a construction project, file an application with the competent department of environmental protection administration for acceptance checks on completion of matching construction of environmental protection facilities required for the construction project.

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

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

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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. And 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, 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 for commercial use, tourism, entertainment and commodity residential housing must be granted by way of tender, auction or listing for sale.

On September 24, 2003, the Ministry of Land and Resources promulgated the Notice on Strengthening the Land Supply Management and 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 Ministry of Land and Resources on October 13, 2003, land must be restored to its original use if the development of such land fails to comply with the overall land use requirements, unless such land has been developed for construction and restoration is impossible to achieve, in which case the overall land use requirements shall be modified so the respective amount of basic farmland, cultivated land and land for building will remain unchanged. Similarly, restoration of land to farmland or to its original use is required when a land development project lacks construction feasibility or is short of project funding, even though a proper approval is in place. Idle land that has been supplied for construction purposes shall be disposed of according to relevant stipulation governing idle land. However, exceptions are allowed when pre-approval has been granted by local authorities, or if a project development contract has been executed and between local authorities and developers prior to July 1, 2002. On March 21, 2004, the Ministry of Land and Resources together with the Ministry of Supervision promulgated the Notice of Enforcing and Supervising the Transfer of Operative Land Use Rights Through Tenders, Bidding and Public Auction 《關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知》, which expressly required that after August 31, 2004, no transfer of land use rights will be allowed in the form of agreement.

On May 30, 2006, the Ministry of Land and Resources promulgated an Urgent Notice on Currently Further Strengthening Land Management 《關於當前進一步從嚴土地管理的緊急通知》, which provides that land grant for real estate development must be conducted by way of tender, auction or listing for sale, and land supply for low to medium-priced and/or small to medium-sized ordinary commercial residential housing (including affordable housing) and for low-rental residential housing must be granted in priority, and land supply for low-density and/or large-sized residential housing shall be strictly restricted. In addition, the notice provides that land supply for new villa project shall be suspended.

On November 18, 2009, the Ministry of Finance, MLR, PBOC, the Ministry of Supervision of the PRC and the National Audit Office of the PRC jointly issued a Notice on Further Strengthen the Management of Revenue and Expenditure from Land Granting, 《關於進一步加強土地出讓收支管理的通知》 to require a minimum down payment of 50% of the land premium relating to land purchases from the PRC government. The notice also provides that the installment period stipulated in the

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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, the Ministry of Land and Resource of the PRC issued the Notice on Several Issues concerning the Reinforcement on Provision and Supervision over the Land Use for Property Development 《關於加強房地產用地供應和監管有關問題的通知》, which shortens the time for payment of the land price by successful bidder of land. 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, the Ministry of Land and Resources and the Ministry of Construction issued the Notice on Further Strengthening the Control of Land Transfer 《關於進一步加強房地產用地和建設管理調控的通知》 regarding land authorities to prohibit real estate developers and their controlling shareholders who have engaged in illegal activities (such as obtaining land use rights through fraudulent means, transferring land use rights improperly, holding land which has been idled for more than one year due to the fault of the developer or the controlling shareholders) from participating in land bidding process until the illegal activities have been rectified.

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 Ministry of Land and Resources 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 departments at the time of or prior to project commencement and completion.

SALE OF COMMODITY PROPERTIES

Under the Measures for Administration of Sale of Commodity 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 (the "Pre-sale Measures") 《城市商品房預售管理辦法》 promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and in July 2004, and the Development Regulations. The Pre-sale Measures provide that any pre-sale of commodity buildings is subject to specified procedures. According to the Development

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

The proceeds of pre-sale of commodity buildings must be used to the relevant project construction.

According to the Measures for Administration of Sale of Commodity 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 Ministry of Housing and Urban-Rural Development of the PRC 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.

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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.
- in case of where the real property has been completed in construction, the property ownership certificate shall have been obtained.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term provided in the land 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, inter alia, change the use of the land and adjust the land premium accordingly.

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

LEASES OF BUILDINGS

The National People's Congress promulgated the Contract Law of the PRC in March 1999, which takes effect from October 1999. The Contract Law defines a leasing contract as a contract whereby the lesser delivers to the lessee the lease item for it to use or accrue benefit from, and the lessee pays the rent.

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

Under the Urban Real Estate Law and the Measures for Administration of Leases of Commodity Buildings 《商品房屋租賃管理辦法》 promulgated by the Ministry of Housing and Urban-Rural Development 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.

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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.

PBOC issued a Circular on Further Strengthening the Management of Loans for Property Business 《關於進一步加強房地產信貸業務管理的通知》 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 to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the down-payment by the borrower should be approximately increased.

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- 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 a Circular 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 circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks 《商業銀行房地產貸款風險管理指引》 issued by China Banking Regulatory Commission in August 2004, commercial banks may not provide any loan 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 departments) on Adjustment of Housing Supply Structure and Stabilization of Property Prices 《關於調整住房供應結構穩定住房價格的意見》. According to the opinion, in order to curtail the rapid rise in property prices, from June 1, 2006, the minimum amount of down payment for individual housing shall not be less than 30%. However, considering the housing needs of low- and middle-income earners, the minimum down payment for self-occupied housing with a GFA of less than 90 square meters per unit remains unchanged, and shall not be less than 20%.

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

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land use rights certificate, construction land planning permit, construction work planning permit and a construction permit;

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- prohibiting commercial banks from lending to property developers solely for the payment of land premiums;
- for commodity housing that has been vacant for three years, a commercial bank shall not accept them as collateral for a loan. In principle, a loan for real estate development made by a commercial bank may only be used for a local real estate development project, and shall not be used in a project of different location. For a loan, the use of which is really needed in a non-local real estate development project and for which the relevant risk control measures have been implemented, a commercial bank shall report on it to the regulatory authority for archival purposes before the loan is made.
- requiring banks to support funding needs of borrower purchasing their first small and medium self-occupied flat, and to grant loans only to individuals who have purchased flats the main structure of which have been topped out;
- the minimum down payment for a first unit of self-occupied flat with a GFA of less than 90 square meters per unit shall not be less than 20%. The minimum amount of down payment for a first unit of self-occupied flat with a GFA of over 90 square meters per unit shall not be less than 30%. The minimum down payment for the second unit or more payable by an individual who has obtained a mortgage to purchase the first flat shall not be less than 40%, the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC, and the minimum amount of down payment and interest rate shall significantly increase with the number of flats purchased;
- commercial properties purchase by loans shall have been completed and passed completion acceptance inspection; and for commercial properties, the minimum down payment shall not be less than 50%, the loan term shall not exceed 10 years and the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC. For combined commercial and residential properties, the minimum down payment shall not be less than 45% and the term and interest rate shall be determined according to the administrative regulations of commercial property loans.

According to the Supplementary Notice of the People's Bank of China and China Banking Regulatory Commission 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 be prudent in granting loans to it and rigidly control extended loans or rolling credits to it. When the land and resource authority confirms that the construction use land for a real estate project has been idled for two years or longer, it is prohibited to grant any loan a real estate development for the given project or other loans with the construction use land of such project as collateral (including the asset protection business).

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

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

According to an opinion 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 the families (including the debtors, their spouses and their juvenile children) who have bought a residential house by the loans and are applying for loans to buy a second residential house or more residential houses, the down payments of the loans should not be lower than 40%.

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 rate in China and (iii) the amount of down payment and the mortgage interest rate for additional properties significantly as determined by the banks in accordance with their risk management policies.

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

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

On January 26, 2011, the General Office of the State Council issued the Notice on Further Promoting the Adjustment 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》, according to which, the minimum down payment in respect of mortgage loans on purchases of second residential properties by families is increased to 60% of the purchases price and the applicable mortgage rate must be at least 1.1 times of the relevant benchmark lending rate published by the PBOC.

TRUST FINANCING

Pursuant to the Measures on Administration of Trust Companies 《信託公司管理辦法》, which became effective on March 1, 2007, "trust companies" shall mean the financial institutions which are

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incorporated in accordance with the Company Law of the People’s Republic of China and are engaged mainly in trust business in the PRC. “Trust business” shall mean the business operation that the trust company undertakes as a trustee of a trust and handles the trust matters under a fiduciary capacity for the purpose of operating business and receiving remunerations. The minimum amount of registered capital of a trust company shall be RMB300 million or the equivalent value in a freely convertible currency.

On October 28, 2008, the CBRC issued the Notice on Strengthening Regulation over the Operation of the Real Estate Business and the Securities Business of Trust Companies 《關於加強信託公司房地產、證券業務監管有關問題的通知》. On November 12, 2010, the CBRC issued the Notice on Risk Alert for Trust Companies’ Real Estate Business 《關於信託公司房地產信託業務風險提示的通知》 and on February 11, 2010 the General Office of CBRC promulgated the Notice on Strengthening the Supervision of Trust Companies’ Real Estate Business 《關於加強信託公司房地產業務監管有關問題的通知》. These rules require all trust companies to conduct self-examination immediately on the compliance risk of the real estate trust business. Business compliance and risk exposure shall be analyzed on case-by-case basis, including whether the real estate development projects to which loans were issued by trust companies have satisfied the conditions such as the availability of all the “Four Permits” (namely, the land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit), whether the real estate developer or its controlling shareholder have obtained Class 2 qualification, and whether capital ratio of the project has reached the national minimum requirement. All banking regulatory bureaus shall strengthen compliance supervision and risk control over real estate business of trust companies within their jurisdiction. If problems are discovered during self-examination and inspection, measures shall be taken immediately to order the trust company for rectification and non-compliance behavior shall be penalized in accordance with the relevant rules and regulations.

Pursuant to the Notice on Strengthening the Supervision of Trust Companies’ Real Estate Business 《關於加強信託公司房地產業務監管有關問題的通知》, trust companies may not offer loans for land acquisitions or early-stage land development and may only grant loans to eligible property developers who satisfy all the specific requirements.

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 engaging in property management activities shall have the independent corporation capacity. The State applies the system of qualification administration to the enterprises engaging in property management activities.

Under the Measures for the Administration of Qualifications of Property Management Enterprises 《物業服務企業資質管理辦法》 promulgated by the Ministry of Construction 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 and third grades.

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

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third grade qualifications may undertake the property management business of residential projects 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 the State; (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 the State; (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 the State; (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 one-year provisional period.

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

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

MEASURES ON STABILIZING HOUSING PRICE

The General Office of the State Council promulgated a Circular 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, the Ministry of Finance, the Ministry of Land and resources, PBOC, the State Taxation Bureau and the China Banking Regulatory Commission jointly issued the Opinions on Stabilizing Housing Prices 《關於做好穩定住房價格工作的意見》 with the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.

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- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high quality housing property construction should be strictly restricted.
- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.
- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 square meters, and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

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

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

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;
- requiring that at least 70% of GFA of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area (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

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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.

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

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

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

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Pursuant to the Circular 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 holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one additional house (including the new commodity residential house or a second hand one); and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses or a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation 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 State Council General Office of the PRC promulgated the Notice on Further Regulation and Control of Real Estate Market 《關於繼續做好房地產市場調控工作的通知》 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;
- 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.

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LICENSING REQUIREMENTS FOR HOTEL OPERATION

(1) Special Business Licence for the Hotel Industry (旅館業特種行業許可證)

Pursuant to the Administrative Measures on Security of the Hotel Industry 《旅館業治安管理办法》, which was effective on November 10, 1987 and amended on January 20, 2006 and January 8, 2011, and the Administrative Regulations on Security of Special Business in Jiangsu 《江蘇省特種行業治安管理条例》, which was effective on May 1, 2010, a special business licence shall be obtained from the public security offices for engaging in hotel business and the following requirements on public security and fire safety must be complied with:

- requirements on public security: (i) the entity shall operate in a legal and permanent place of business with necessary operation facilities. A hotel shall be equipped with necessary security facilities. Video surveillance equipment shall be installed at gateways, lobbies, main passages, safe deposit vaults and parking lots; (ii) the entity shall be equipped with a security management system. There shall be a security panel or full-time or part-time security guards as well as a register of employees; (iii) the entity shall provide safe deposit boxes or chests or storerooms with designated personnel taking care of guests' property. Necessary facilities for property safety and a sound security control system shall be in place; (iv) the entity shall have facilities for identification and security information collection as required; (v) the entity shall comply with other security requirements as required by laws.
- requirements on fire safety: buildings, fire prevention equipment, gateways and passages shall meet the requirements of laws and regulations on fire safety. Fire safety inspection certificate shall be obtained for the place of business.

(2) Health Permit (衛生許可證)

Pursuant to the Regulations on Health Administration in Public Places 《公共场所卫生管理条例》, which was effective on April 1, 1987 and the Implementation Rules for the Regulations on Health Administration in Public Places 《公共场所卫生管理条例实施细则》, which was effective on May 1, 2011, the operator of a public place shall apply for the health permit from the health administration department of the People's Government at or above the county level in accordance with relevant requirements before the commencement of operation. Enterprise engaging in hotel business shall fulfil 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.

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- 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.
- 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.

APPENDIX VI

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS LAW

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 Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 22, 2010 under the Cayman Islands Companies Law. The Memorandum and Articles which were adopted pursuant to a shareholders' resolution passed on May 27, 2013, conditional upon and with effect from the [●] comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Islands Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Composition of the board

Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than three. There is no maximum number of directors. At least one-third, or three members, of the board, whichever is greater, shall be Independent Non-Executive Directors.

(ii) Power to allot and issue Shares and warrants

Subject to the Articles, any direction that may be given by the Company in general meeting and without prejudice to any special rights or restrictions for the time being attached to any Shares or any class of Shares, all Shares for the time being unissued shall be under the control of the Directors who may designate, re-designate, offer, issue, allot and dispose of the same to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine but so that no Shares shall be issued at a discount; and grant options with respect to such Shares and issue warrants, convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of Shares or securities in the capital of the Company on such terms as they may from time to time determine, and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose.

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(iii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting.

(iv) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(v) Loans and provision of security for loans to Directors

There are provisions in the Articles restricting the making of loans or provision of security to the Directors.

(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 the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid remuneration in respect of any such other office or place of profit (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company.

Subject as otherwise provided by the Articles, the board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company, in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Cayman Islands Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established, provided that a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

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A Director shall not vote (nor be counted in the quorum) on any resolution of the Board of Directors approving any contract or arrangement or any other proposal in which he or any of his associate(s) has/ have a material interest, but this prohibition shall not apply in respect of the following matters:

- (i) the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility, in whole or in part, whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in [●];
- (iv) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (v) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of:
 - (a) any employees' share scheme or any share incentive or a share option scheme under which a Director or his associate(s) may benefit; or
 - (b) a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates; or
- (vi) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

A company shall be deemed to be a company in which a Director and/or his associate(s) owns 5 per cent. or more if and so long as (but only if and so long as) he and/or his associate(s), (either directly or indirectly) are the holders of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associate(s) is derived). For the purpose of this paragraph, there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorized unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.

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Where a company in which a Director and/or his associate(s) holds 5 per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall be entitled to only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all necessary travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request from the board, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

(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 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 re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board provided that at least one-third, or three members, of the board, whichever is greater, shall be Independent Non-Executive Directors. Any Director appointed to fill a casual vacancy or as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any Shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place.

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The office of Director shall also be vacated if:

- (aa) the Director resigns his office by notice in writing to the Company at its registered office or its head office;
- (bb) an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (cc) the Director, without leave, is absent from meetings of Directors (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Directors resolve that his office be vacated;
- (dd) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) the Director ceases to be or is prohibited from being a director by law or by virtue of any provisions in the Articles; or
- (ff) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

If an Independent Non-Executive Director has served on the board for more than nine years, the further appointment of such Independent Non-Executive Director will be subject to the separate approval of the members by ordinary resolution.

The Directors may from time to time appoint any person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall *ipso facto* determine if any managing director ceases from any cause to be a Director, or if the Company by resolution resolves that his tenure of office be terminated.

The Directors may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.

(ix) Borrowing powers

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property and uncalled capital or any part thereof, and subject to the Cayman Islands Companies Law, to issue debentures, debenture stock, and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

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(x) Proceedings of the Board

The board may meet together with (either within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(xi) Register of Directors and Officers

The Cayman Islands Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of Directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty days of any change in such Directors or officers.

(b) Alterations to constitutional documents/ Change of Name

The Articles may be altered or amended by the Company in general meeting by special resolution. The Cayman Islands Companies Law provides that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Cayman Islands Companies Law:

- (i) increase its capital by such sum, to be divided into Shares of such classes and amount, as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into Shares of larger amount than its existing Shares;
- (iii) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;
- (iv) subdivide its Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or
- (v) cancel any Shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the Shares so cancelled.

The Company may by special resolutions reduce its Share capital and any capital redemption reserve in any manner authorized by law.

(d) Variation of rights of existing Shares or classes of Shares

Whenever the capital of the Company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of the relevant class, or with the sanction of a resolution passed at a separate meeting

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of the holders of the Shares of such class by a majority of not less than three-fourths of the votes cast at such a meeting. To every such separate meeting all the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall *mutatis mutandis*, apply except that the necessary quorum shall be one or more persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that class, every shareholder of the class shall on a poll have one vote for each Share of the class held by him.

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any class by the Company.

(e) Transfer of Shares

Transfers of Shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve. All instruments of transfer must be left at the registered office of the Company or at such other place as the Directors may appoint. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share which is not fully paid up or on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless (i) a fee of such maximum sum as [●] or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, (ii) the instrument of transfer, if applicable, is properly stamped, (iii) the instrument of transfer is in respect of only one class of Share, (iv) the instrument of transfer is validly lodged with the Company accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), (v) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four, and (vi) the Shares concerned are free of any lien in favor of the Company.

The registration of transfers may, [●], or, [●] by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles or by advertisement published in any newspapers, be suspended and the register of members closed at such times for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended or the register of members closed for more than 30 days in each year, or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

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(f) Power for the Company to purchase its own Shares

The Company is empowered by the Cayman Islands Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the board may only exercise this power on behalf of the Company.

(g) Power for any subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to ownership of Shares in the Company by a subsidiary.

(h) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than 15 months after the holding of the last preceding annual general meeting and so long as the first annual general meeting of the Company is held within 18 months of the adoption of the Articles, it needs not be held in the year of its incorporation or immediate following year) at such time and place as may be determined by the board.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than 21 clear days and not less than 20 clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall be called by notice of at least 21 clear days and not less than 10 clear business days. All other extraordinary general meetings shall be called by notice of at least 14 clear days and not less than 10 clear business days. The notice shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in the Articles) the general nature of that business. Notice of every general meeting shall be given to all members of the Company (except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members), the Company's auditors, each Director and alternate Director.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the issued Shares giving that right.

All business carried out at a general meeting shall be deemed special with the exception of (a) declaration and sanctioning a dividend; (b) the consideration of the accounts, balance sheets, and any report of the Directors or of the Company's auditors; (c) the election of Directors whether by rotation or otherwise in the place of those retiring; (d) the appointment of the Company's auditors and other officers; (e) the fixing of the remuneration of the company's auditors, and the voting of remuneration or extra remuneration to the Directors; (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued Shares in the capital of the Company representing not more than 20 per cent. in nominal value of its existing issued share capital; and (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

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No special business shall be transacted at any general meeting without the consent of all members of the Company entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

(j) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(k) Special/ Ordinary resolution-majorities required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or, in the case of such members being corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of such members as, being entitled to do so, vote in person or, in the case of such members being corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

(l) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid Share of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or installments is treated for the foregoing purposes as paid up on the Share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

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If a recognized clearing house (or its nominee(s)), being a corporation, is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by that clearing house (or its nominee(s)).

(m) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(n) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, rules and regulations, the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the Directors' report instead which shall be in the form and containing the information required by applicable laws and regulations, provided that any such person may 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.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

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The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(o) Dividends and other methods of distribution

Subject to the Cayman Islands Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide that dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of Share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of Shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of Shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of Shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the Shares at his address as appearing in the register of members or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the Shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

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All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.

(q) Call on Shares and forfeiture of Shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any moneys unpaid on the Shares held by them (whether on account of the nominal value of the Shares or by way of premium). 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 from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any Shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (not exceeding without the sanction of an ordinary resolution, eight per cent. per annum) as may be agreed upon between the member and the board.

If a member fails to pay any call or installment of a call in respect of partly paid shares on the day appointed for payment thereof, the board may serve not less than fourteen clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and stating that, in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any Share in respect of which notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited Shares and not actually paid before the date of 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 forfeited, but this liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix VI.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution, except where the Company is to be wound up voluntarily because it is unable to pay its debts as they fall due. In such case the resolution shall be an ordinary resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares (i) if the Company

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shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the Shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the authority of an ordinary resolution and any other sanction required by the Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any Shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the Shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the Shares in question (being not less than three in total number) for any sum payable in cash to the holder of such Shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) following the expiry of the 12 year period, the Company has caused an advertisement to be published giving notice of its intention to sell such Shares and a period of three months, has elapsed since the date of such advertisement. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES LAW

The Company is incorporated in the Cayman Islands subject to the Cayman Islands Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of 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) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of

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Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share Capital

The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) in any manner provided in section 37 of the Cayman Islands Companies Law; (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Islands Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Memorandum and Articles conditionally adopted on May 27, 2013 include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial Assistance to Purchase Shares of a Company or its Holding Company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the Directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of Shares and Warrants by a Company and its Subsidiaries

Subject to the provisions of the Cayman Islands Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of

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association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of the purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the Company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the Directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and Distributions

With the exception of section 34 of the Cayman Islands Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

(f) Protection of Minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up. Or, as an alternative to a winding-up order, the Court may make the following orders: (a) an order regulating the conduct of the company's affairs in the future; (b) an order requiring the company to refrain from doing or continuing an act complained of by the petitioner or to do an act which the petitioner has complained it has omitted to do; (c) an order authorizing civil proceedings to be brought in the name of and on behalf of the company by the petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

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Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Cayman Islands Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and Auditing Requirements

A Cayman Islands exempted company shall cause proper books of account, including, where applicable, material underlying documentation including contracts and invoices to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions. A Cayman Islands exempted company shall cause all its books of account to be retained for a minimum period of five years from the date on which they are prepared.

(i) Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (ii) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of 20 years from July 20, 2010. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to Directors

There is no express provision in the Cayman Islands Companies Law prohibiting the making of loans by a company to any of its directors.

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(m) Inspection of Corporate Records

Members of the Company will have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. An exempted company may also maintain a separate register of members in respect of its listed shares. There is no requirement under the Cayman Islands Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding Up

A company may be wound up by either an order of the Court, voluntarily or subject to the supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily (a) when the period (if any) fixed for the duration of the company by its memorandum or articles of association expires; (b) if the event (if any) occurs, on the occurrence of which the memorandum or articles of association provide that the company is to be wound up; (c) if the company resolves by special resolution that it be wound up voluntarily; or (d) if the company resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company shall from the commencement of its winding up, cease to carry on its business except so far as it may be beneficial for its winding up.

In circumstances where a company is solvent (the directors of the company will need to provide a statutory declaration to this effect), the company can be wound up by a special resolution of its shareholders, and the liquidation will not require the supervision of the Court. Unless one or more persons have been designated as liquidator or liquidators of the company in the company's memorandum and articles of association, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

Alternatively, where the financial position of the company is such that a declaration of solvency cannot be given by the directors, the winding up will be initiated by an ordinary resolution of the company's shareholders and will occur subject to the supervision of the Court. In this case, a licensed insolvency practitioner will need to be appointed as liquidator (known as "an official liquidator"). The Court may determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner. A person may qualify as an official liquidator if that person holds the qualifications specified in the Insolvency Practitioners Regulations of the Cayman Islands. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of

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contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation for it. At least 21 days before the meeting the liquidator must send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Cayman Islands Gazette.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. While a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Mergers and Consolidations

The Cayman Islands Companies Law provides that any two or more Cayman Islands companies limited by shares (other than segregated portfolio companies) may merge or consolidate in accordance with the Cayman Islands Companies Law. The Cayman Islands Companies Law also allows one or more Cayman Islands companies to merge or consolidate with one or more foreign companies (provided that the laws of the foreign jurisdiction permit such merger or consolidation).

To effect a merger or consolidation of one or more Cayman Islands companies the directors of each constituent company must approve a written plan of merger or consolidation in accordance with the Cayman Islands Companies Law. The Plan must then be authorized by each constituent company by a special resolution of members and such other authorization, if any, as may be specified in such constituent company's articles of association.

Where a Cayman Islands parent is merging with one or more of its Cayman Islands subsidiaries, shareholder consent is not required if a copy of the plan of merger is given to every member of each subsidiary company to be merged, unless that member agrees otherwise.

To effect a merger or consolidation of one or more Cayman Islands companies with one or more foreign companies, in addition to the approval requirements applicable to the merger or consolidation of Cayman Islands companies (in relation to Cayman Islands companies only), the merger or consolidation must also be effected in compliance with the constitutional documents of, and laws of the foreign jurisdiction applicable to the foreign companies.

(q) Compulsory Acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or

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collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Walkers, the Company's legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of the Cayman Islands Companies Law. This letter, together with a copy of the Cayman Islands Companies Law, is available for inspection as referred to in the paragraph headed [●]. Any person wishing to have a detailed summary of the Cayman Islands Companies 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.

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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

We were incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law on June 22, 2010. We have established a place of business in Hong Kong at Room 605, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong and registered as an overseas company under Part XI of the Hong Kong Companies Ordinance under the same address on April 30, 2013. Mr. Chan Sze Hon has been appointed as our agent for the acceptance of service of process and notices under the same address. As we are incorporated in the Cayman Islands, our corporate structure, and our Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum and Articles of Association and certain relevant aspects of the Cayman Islands Companies Law are set out in Appendix VI to this document.

2. Changes in share capital

As at the date of our Company's incorporation, our authorized share capital was US\$50,000 divided into 5,000,000 Shares of par value of US\$0.01 each. The following sets out the changes in our share capital since the date of our incorporation:

- (a) On June 22, 2010, our Company issued and allotted one Share to the initial subscriber Codan Trust Company (Cayman) Limited at US\$0.01 per Share and such one Share was transferred to Wuzhou International Group on the same day;
- (b) On November 29, 2011, Wuzhou International Group transferred one Share, representing its then entire shareholding in our Company, to Boom Win at US\$0.01 per Share; and
- (c) On August 13, 2012, our Company increased its authorized share capital to US\$100,000,000 divided into 10,000,000,000 shares at US\$0.01 each. On the same day, our Company issued and allotted 3,422,161,913 shares, credited as fully paid at par value to Boom Win by way of capitalization of the sum of US\$34,221,619.13 (being the amount necessary to pay up the such Shares at par value) out of the share premium account of our Company.

On May 27, 2013, Shareholder's resolutions were passed to approve, among other things, the [●], details of which are set out below. On the basis that only the [●] is exercised in full, [●] Shares will be allotted and issued as fully paid or credited as fully paid and [●] Shares will remain unissued. Other than pursuant to the exercise of the [●] or any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorized but unissued share capital of our Company and, without the prior approval of the Shareholders at a general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as described above, there has been no alteration in our Company's share capital since the date of its incorporation.

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4. Changes in share capital of the subsidiaries of our Group

Our subsidiaries are referred to in the accountants’ report as set out in Appendix I. The following alterations in the share capital (or registered capital, as the case may be) of our subsidiaries have taken place within the two years preceding the date of this document:

Wuxi Longteng

On July 29, 2011, the registered capital of Wuxi Longteng was increased from RMB20 million to RMB50 million. The registered capital was fully paid up.

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Wuzhou Business Operation

On August 18, 2011, the registered capital of Wuzhou Business Operation was increased from RMB1 million to RMB50 million. The registered capital was fully paid up.

Wuxi Zhongnan

On March 1, 2012, the registered capital of Wuxi Zhongnan was increased from RMB20 million to RMB36.614 million. The registered capital was fully paid up.

Nantong Wuzhou

On October 8, 2011, the registered capital of Nantong Wuzhou was increased from RMB8 million to RMB80 million. The registered capital was fully paid up.

Xiangyang Wuzhou

On June 27, 2012, the registered capital of Xiangyang Wuzhou was increased from RMB20 million to RMB100 million. The registered capital was fully paid up.

Save as described above, there has been no other alteration in the share capital of the subsidiaries of our Company in the two years preceding the date of this document.

Wuzhou Columbus Sheyang

On January 10, 2013, the registered capital of Wuzhou Columbus Sheyang was changed from USD25 million to RMB157.2825 million. RMB32 million of the share capital in Wuzhou Columbus Sheyang was paid up.

Wuxi Wuzhou Ornament City

On January 25, 2013, the registered capital of Wuxi Wuzhou Ornament City was increased from RMB70 million to RMB100 million. The registered capital was fully paid up.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (1) the equity interest transfer agreement dated November 18, 2011, entered into between Wuxi Wuzhou Investment and Wuzhou Business Operation, pursuant to which Wuxi Wuzhou Investment transferred its 100% interests in Wuxi Business Management to Wuzhou Business Operation for a consideration of RMB5 million;
- (2) the equity interest transfer agreement dated November 28, 2011, entered into between Wuxi Wuzhou Investment, Boom Win and Hong Kong Wuzhou, pursuant to which Wuxi Wuzhou Investment and Boom Win transferred their respective 62% and 38% interests in Wuxi Wuzhou Ornament City to Hong Kong Wuzhou, for a consideration of HK\$53,251,533 and HK\$32,638,036 respectively;
- (3) the equity interest transfer agreement dated December 7, 2011, entered into between Shu Cewan and Wuxi Wuzhou Ornament City, pursuant to which Shu Cewan transferred his 0.98% interests in Wuzhou Business Operation to Wuxi Wuzhou Ornament City for a consideration of RMB0.49 million;

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- (4) the equity interest transfer agreement dated December 8, 2011, entered into between Wuzhou Int'l Group Investment, Wuxi Wuzhou Investment and Hong Kong Wuzhou, pursuant to which Wuzhou Int'l Group Investment and Wuxi Wuzhou Investment transferred their respective 80% and 20% interests in Hangzhou Longan to Hong Kong Wuzhou for a consideration of RMB190,059,000 and RMB47,514,750 respectively;
- (5) the facility letter dated February 27, 2012, entered into between Hong Kong Wuzhou and Bank of Communications Co., Ltd. Hong Kong Branch, pursuant to which, among other things, Bank of Communications Co., Ltd. Hong Kong Branch agreed to make available to Hong Kong Wuzhou a loan facility of up to the aggregate principal amount of HK\$100 million, and the relevant general agreement entered into between Bank of Communications Co., Ltd. Hong Kong Branch and Hong Kong Wuzhou in relation to the facility;
- (6) the deed of guarantee entered into between Bank of Communications Co., Ltd. Hong Kong Branch and Wuzhou International Investment dated March 1, 2012, pursuant to which, in consideration of the facility provided by Bank of Communications Co., Ltd. Hong Kong Branch to Hong Kong Wuzhou, Wuzhou International Investment agreed to pay and satisfy the debts or liabilities due but unpaid to Bank of Communications Co., Ltd. Hong Kong Branch from or by Hong Kong Wuzhou.
- (7) the deed of guarantee entered into between Bank of Communications Co., Ltd. Hong Kong Branch and the Company dated March 1, 2012, pursuant to which, in consideration of the facility provided by Bank of Communications Co., Ltd. Hong Kong Branch to Hong Kong Wuzhou, the Company agreed to pay and satisfy the debts or liabilities due but unpaid to Bank of Communications Co., Ltd. Hong Kong Branch from or by Hong Kong Wuzhou.
- (8) the deed of indemnity charge entered into between Bank of Communications Co., Ltd. Hong Kong Branch and the Company dated March 1, 2012, pursuant to which the Company agreed to indemnify Bank of Communications Co., Ltd. Hong Kong Branch on demand upon the occurrence of an event of default.
- (9) the guarantee agreement dated March 1, 2012 entered into between Wuxi Wuzhou Investment and Bank of Communications Co., Ltd. Hong Kong Branch, pursuant to which Wuxi Wuzhou Investment agreed to act as guarantor in connection with a loan between Hong Kong Wuzhou and Bank of Communications Co., Ltd. Hong Kong Branch;
- (10) the loan agreement dated March 5, 2012, entered into between Hong Kong Wuzhou and Shu Cecheng, pursuant to which, among other things, Shu Cecheng agreed to advance a sum of HK\$18 million to Hong Kong Wuzhou;
- (11) the bailment agreement dated March 6, 2012 entered into between Wuxi Wuzhou Ornament City, Bank of Communications Co., Ltd. Wuxi Branch and Bank of Communications Co., Ltd. Hong Kong Branch, pursuant to which Wuxi Wuzhou Ornament City agreed to deposit a bailment the sum of RMB87.3 million with Bank of Communications Co., Ltd. Wuxi Branch in connection with a loan between Hong Kong Wuzhou and Bank of Communications Co., Ltd. Hong Kong Branch;
- (12) the equity interest transfer agreement dated March 7, 2012, entered into between Wuxi Wuzhou Investment and Wuxi Wuzhou Ornament City, pursuant to which Wuxi Wuzhou Investment transferred its 100% interests in Wuxi Zhongnan to Wuxi Wuzhou Ornament City for a consideration of RMB36.614 million;
- (13) the quadripartite operation agreement between Wuxi Wuzhou Ornament City, Hong Kong Wuzhou, Bank of Communications Co., Ltd. Wuxi Branch and Bank of Communications Co., Ltd. Hong Kong Branch, pursuant to which among other things, Hong Kong Wuzhou agreed to use the loan for specific purpose and Wuxi Wuzhou Ornament City agreed to place specific amount of deposit with Bank of Communications Co., Ltd. Wuxi Branch;

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- (14) the share charge dated April 17, 2012, entered into between Wuzhou International Investment, Hong Kong Wuzhou and Bank of Communications Co., Ltd. Hong Kong Branch, pursuant to which, among other things, Wuzhou International Investment granted a share charge of one share in Hong Kong Wuzhou in favor of the Bank of Communications Co., Ltd., Hong Kong Branch;
- (15) a debenture dated April 17, 2012 entered into between Hong Kong Wuzhou and Bank of Communications Co., Ltd. Hong Kong Branch, pursuant to which among other things, Hong Kong Wuzhou granted security over its assets in favor of Bank of Communications Co., Ltd. Hong Kong Branch;
- (16) the equity interest transfer agreement dated April 19, 2012, entered into between Wuxi Wuzhou Investment and Wuxi Wuzhou Ornament City, pursuant to which Wuxi Wuzhou Investment transferred its 51% interests in Wuxi Longxiang to Wuxi Wuzhou Ornament City for a consideration of RMB10.2 million;
- (17) the equity interest transfer agreement dated April 28, 2012, entered into between Huang Xufeng and Wuxi Wuzhou Ornament City, pursuant to which Huang Xufeng transferred his RMB2 million worth of interests in Yancheng Wuzhou to Wuxi Wuzhou Ornament City for a consideration of RMB2 million;
- (18) The equity interest transfer agreement dated May 21, 2012 and the supplemental agreement on equity interest transfer dated May 29, 2012, entered into between Wuxi Wuzhou Investment and Wuxi Wuzhou Ornament City, pursuant to which Wuxi Wuzhou Investment transferred 52.4% of its interests in Wuxi Longan to Wuxi Wuzhou Ornament City for a consideration of RMB33.186 million;
- (19) the equity interest transfer agreement dated May 21, 2012 and the supplemental agreement on equity interest transfer dated May 28, 2012, entered into between Shenzhen Five Continents and Wuxi Wuzhou Ornament City, pursuant to which Shenzhen Five Continents transferred 11.9% of its interests in Wuxi Longan to Wuxi Wuzhou Ornament City for a consideration of RMB7.536 million;
- (20) the equity interest transfer agreement dated May 21, 2012 entered into between Shenzhen Five Continents and Shanghai Heheyicheng Investment Consulting Co., Ltd. (上海合和易誠投資顧問有限公司), pursuant to which Shenzhen Five Continents transferred 11.9% of its interests in Wuxi Longan to Shanghai Heheyicheng Investment Consulting Co., Ltd. for a consideration of RMB7.14 million;
- (21) the equity interest transfer agreement dated May 21, 2012 entered into between Shenzhen Five Continents and Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. (深圳市橋城假日投資發展有限公司), pursuant to which Shenzhen Five Continents transferred 12.8915% of its interests in Wuxi Longan to Shenzhen Qiaocheng Holiday Investment & Development Co., Ltd. for a consideration of RMB7.7349 million;
- (22) the equity interest transfer agreement dated May 21, 2012 entered into between Shenzhen Five Continents and Wuxi Henglid Investment Advisory Co., Ltd. (無錫恆利德投資諮詢有限公司), pursuant to which Shenzhen Five Continents transferred 10.9085% of its interests in Wuxi Longan to Wuxi Henglid Investment Advisory Co., Ltd. for a consideration of RMB6.5451 million;
- (23) the deed of assignment dated August 15, 2012, entered into between Wuzhou Int'l Group Investment, Boom Win and Hong Kong Wuzhou, pursuant to which Wuzhou Int'l Group Investment transferred its right to US\$30 million sum due from Hong Kong Wuzhou to Boom Win;
- (24) the equity interest transfer agreement dated November 14, 2012, entered into between Zheng Yanhui and Wuxi Longan, pursuant to which Wuxi Longan transfer its 100% interests in Wuxi Longan Decoration to Zheng Yanhui for a consideration of RMB0.5 million;

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- (25) the facility letter dated December 13, 2012, entered into between Hong Kong Wuzhou and China Minsheng Banking Corp., Ltd. Hong Kong Branch, pursuant to which, among other things, China Minsheng Banking Corp., Ltd. Hong Kong Branch agreed to make available to Hong Kong Wuzhou a term loan facility of up to an aggregate principal amount of HK\$150 million, and the relevant general agreement entered into between China Minsheng Banking Corp., Ltd., Hong Kong Branch and Hong Kong Wuzhou in relation to the facility;
- (26) the capital transfer agreement dated December 17, 2012, entered into between Hong Kong Wuzhou and Yancheng Wuzhou, pursuant to which Hong Kong Wuzhou transferred its payable capital contributions of US\$12.25 million in Wuzhou Columbus Sheyang (representing 49% equity interest in Wuzhou Columbus Sheyang) to Yancheng Wuzhou, for a consideration of \$1;
- (27) the equity transfer agreement dated January 10, 2013, entered into between Wuxi Zhongnan and Nantong Zesheng Investment Co., Ltd.* (南通澤盛投資有限公司), pursuant to which Wuxi Zhongnan transferred its 20% interests in Nantong Commercial Investment to Nantong Zesheng Investment Co., Ltd.* for a consideration of RMB4 million;
- (28) the equity transfer agreement dated January 10, 2013, entered into between Wuxi Zhongnan and Wuxi Weihe Information Consulting Co., Ltd.* (無錫唯禾信息諮詢有限公司), pursuant to which Wuxi Zhongnan transferred its 5% interests in Nantong Commercial Investment to Wuxi Weihe Information Consulting Co., Ltd. for a consideration of RMB1 million;
- (29) the deed of indemnity dated May 18, 2013 entered into among Boom Win, Shu Cecheng, Shu Cewan and our Company, in respect of certain tax and litigation indemnities given by Boom Win, Shu Cecheng and Shu Cewan in favor of our Company (for itself and as trustee for its subsidiaries) as detailed in the paragraph headed “F. Other Information — 2. Tax and Other Indemnity” in this section; and
- (30) the deed of non-competition dated May 18, 2013 entered into among Boom Win, Shu Cecheng, Shu Cewan and our Company, in respect of the non-competition undertakings given by Boom Win, Shu Cecheng and Shu Cewan in favor of our Company as detailed in the section headed “Relationship with Our Controlling Shareholders”;

2. Intellectual property rights

As of the Latest Practicable Date, our Group has registered/ has applied for the registration of the following intellectual property rights.













(A) Trademarks

As of the Latest Practicable Date, our Group is the owner of the following registered trademarks in the PRC:

No.	Trademark	Name of Registered Owner	Territory of Registration	Class	Registration Number	Commencement Date	Expiry Date
1.		Wuxi Wuzhou Ornament City	PRC	36	1357475	January 21, 2010	January 20, 2020
2.		Wuxi Wuzhou Ornament City	PRC	43	5041642	July 7, 2009	July 6, 2019
3.		Wuxi Wuzhou Ornament City	PRC	43	5041638	July 7, 2009	July 6, 2019

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No.	Trademark	Name of Registered Owner	Territory of Registration	Class	Registration Number	Commencement Date	Expiry Date
4.		Wuxi Wuzhou Ornament City	PRC	36	5041640	July 7, 2009	July 6, 2019
5.		Wuxi Wuzhou Ornament City	PRC	41	5041643	May 28, 2009	May 27, 2019
6.		Wuxi Wuzhou Ornament City	PRC	35	5041645	April 28, 2009	April 27, 2019
7.		Wuxi Wuzhou Ornament City	PRC	39	5041648	April 28, 2009	April 27, 2019
8.		Wuxi Wuzhou Ornament City	PRC	20	5041651	April 21, 2009	April 20, 2019
9.		Wuxi Wuzhou Ornament City	PRC	21	5041650	April 21, 2009	April 20, 2019
10.		Wuxi Wuzhou Ornament City	PRC	6	6371204	February 28, 2010	February 27, 2020
11.		Wuxi Wuzhou Ornament City	PRC	41	5041639	November 14, 2009	November 13, 2019
12.		Wuxi Wuzhou Ornament City	PRC	35	5041641	September 21, 2009	September 20, 2019
13.		Wuxi Wuzhou Ornament City	PRC	36	5041644	July 7, 2009	July 6, 2019
14.		Wuxi Wuzhou Ornament City	PRC	44	5041646	July 7, 2009	July 6, 2019
15.		Wuxi Wuzhou Ornament City	PRC	37	5041649	July 7, 2009	July 6, 2019

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No.	Trademark	Name of Registered Owner	Territory of Registration	Class	Registration Number	Commencement Date	Expiry Date
16.		Wuxi Wuzhou Ornament City	PRC	43	6371207	April 7, 2010	April 6, 2020
17.		Wuxi Wuzhou Ornament City	PRC	42	5041647	November 14, 2009	November 13, 2019
18.		Wuxi Wuzhou Ornament City	PRC	43	7178785	September 7, 2010	September 6, 2020
19.		Wuxi Wuzhou Ornament City	PRC	36	7178787	September 21, 2010	September 20, 2020
20.		Wuxi Wuzhou Ornament City	PRC	37	7178784	September 21, 2010	September 20, 2020
21.		Wuxi Wuzhou Ornament City	PRC	35	7178786	September 14, 2010	September 13, 2020
22.		Wuzhou Business Operation	PRC	23	6677772	April 14, 2010	April 13, 2020
23.		Wuxi Wuzhou Ornament City	PRC	19	5041652	March 28, 2010	March 27, 2020
24.		Wuxi Wuzhou Ornament City	PRC	38	6371195	June 7, 2010	June 6, 2020
25.		Wuxi Wuzhou Ornament City	PRC	37	6371196	June 7, 2010	June 6, 2020
26.		Wuxi Wuzhou Ornament City	PRC	35	6371197	June 28, 2010	June 27, 2020
27.		Wuxi Wuzhou Ornament City	PRC	27	6371198	April 28, 2010	April 27, 2020

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No.	Trademark	Name of Registered Owner	Territory of Registration	Class	Registration Number	Commencement Date	Expiry Date
28.		Wuxi Wuzhou Ornament City	PRC	25	6371199	February 28, 2010	February 27, 2020
29.		Wuxi Wuzhou Ornament City	PRC	24	6371200	April 28, 2010	April 27, 2020
30.		Wuxi Wuzhou Ornament City	PRC	21	6371201	September 28, 2010	September 27, 2020
31.		Wuxi Wuzhou Ornament City	PRC	20	6371202	September 28, 2010	September 27, 2020
32.		Wuxi Wuzhou Ornament City	PRC	19	6371203	July 21, 2010	July 20, 2020
33.		Wuxi Wuzhou Ornament City	PRC	21	6371205	September 28, 2010	September 27, 2020
34.		Wuxi Wuzhou Ornament City	PRC	21	6371206	September 28, 2010	September 27, 2020
35.		Wuxi Wuzhou Ornament City	PRC	42	6371208	July 7, 2010	July 6, 2020
36.		Wuxi Wuzhou Ornament City	PRC	41	6371209	September 14, 2010	September 13, 2020
37.		Wuxi Wuzhou Ornament City	PRC	40	6371210	June 7, 2010	June 6, 2020
38.		Wuxi Wuzhou Ornament City	PRC	39	6371211	July 7, 2010	July 6, 2020

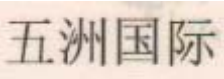
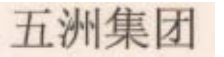
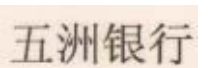
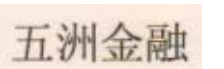
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No.	Trademark	Name of Registered Owner	Territory of Registration	Class	Registration Number	Commencement Date	Expiry Date
39.		Wuzhou Business Operation	PRC	35	7393193	January 14, 2011	January 13, 2021
40.		Wuzhou Business Operation	PRC	41	7393166	April 28, 2012	April 27, 2022
41.		Wuzhou Business Operation	PRC	39	7393168	April 28, 2012	April 27, 2022
42.		Wuzhou Business Operation	PRC	38	7393174	October 21, 2011	October 20, 2021
43.		Wuzhou Business Operation	PRC	37	7393180	August 14, 2012	August 13, 2022

As of the Latest Practicable Date, our Group had applied for the transfer of the following trademark in the PRC:

No.	Trademark	Name of Registered Owner	Territory of Application	Class	Registration Number	Commencement Date	Expiry Date	Name of Applicant	Application Date
1.		Wuxi Wuzhou Investment	PRC	37	7641910	January 14, 2011	January 13, 2021	Wuxi Wuzhou Ornament City	March 1, 2012





As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks in the PRC:

No.	Trademark	Name of Applicant	Territory of Application	Class	Application Number	Application Date
1.		Wuxi Wuzhou Ornament City	PRC	36	11311670	August 23, 2012
2.		Wuxi Wuzhou Ornament City	PRC	36	11311673	August 23, 2012
3.		Wuxi Wuzhou Ornament City	PRC	36	11311682	August 23, 2012
4.		Wuxi Wuzhou Ornament City	PRC	36	11311677	August 23, 2012

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No.	Trademark	Name of Applicant	Territory of Application	Class	Application Number	Application Date
5.		Wuxi Wuzhou Ornament City	PRC	36	11309418	August 23, 2012
6.		Wuzhou Business Operation	PRC	3	10778296	April 24, 2012
7.		Wuzhou Business Operation	PRC	8	10778361	April 24, 2012
8.		Wuzhou Business Operation	PRC	11	10778396	April 24, 2012
9.	五洲城	Wuxi Wuzhou Ornament City	PRC	36	11866222	December 21, 2012
10.	五洲哥伦布广场	Wuxi Wuzhou Ornament City	PRC	36	12024702	January 23, 2013
11.	五洲合和	Wuxi Wuzhou Ornament City	PRC	36	12024704	January 23, 2013

As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks in Hong Kong:

Trademark	Class(es)	Applicant	Application no.	Application date
	36, 37 and 42	The Company	302513295	February 1, 2013
				
	36, 37 and 42	The Company	302513303	February 1, 2013
				

(C) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names:

Registrant	Domain Name	Expiry Date
International Marketing Development	wz-cehua.com	June 13, 2014
Wuxi Wuzhou Ornament City	hkwwig.com	March 15, 2020
Wuxi Zhongnan	China-wz.com.cn	November 17, 2019
Wuxi Zhongnan	wz-china.com	November 17, 2019
Yancheng Wuzhou	ycwzgj.com	July 8, 2014
Yancheng Wuzhou	盐城五洲国际.com	August 8, 2014

Save as disclosed above, there are no other copyrights, patents or other intellectual property rights that are material to our business.

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3. Particulars of service contracts and letters of appointment

Each of our executive Directors, has entered into a service contract with our Company on November 14, 2012 for a term of three years commencing from [●], and such appointment shall be terminated in accordance with the terms of the service contract. Under these service contracts, each of Shu Cecheng, Shu Cewan, Shu Ceyuan, Wu Xiaowu and Zhao Lidong will receive an annual salary of HK\$100,000, respectively.

Each of Shu Guoying, Lo Kwong Shun Wilson and Song Ming, being our independent non-executive Directors, has entered into a service contract with our Company on May 18, 2013, for a term of three years commencing from [●], and such appointment shall be terminated in accordance with the terms of the letters of appointment. Under these service contracts, each of Shu Guoying, Lo Kwong Shun Wilson and Song Ming will receive an annual salary of HK\$120,000, respectively.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation).

4. Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our Directors for each of the three years ended 2010, 2011 and 2012 were approximately RMB1,061,000, RMB2,537,000, and RMB3,209,000 respectively.

It is estimated that remuneration and benefits in kind, excluding any discretionary bonus payable to our Directors, that is equivalent to approximately RMB6.1 million in the aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2013 under arrangements in force at the date of this document.

6. Related party transactions

Details of the related party transactions that we have entered into are set forth in Note 33 of the Accounts' report, the text of which is set out in Appendix I to this document.

E. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by our Shareholders on May 27, 2013 ("**Adoption Date**"):

1. *Purpose of the scheme and performance target*

The purpose of the Share Option Scheme is to enable our Group to grant options as defined in the Share Option Scheme to selected participants as incentives or rewards for their contributions to our Group. The Board has not specified any performance target that must be achieved before options can be exercised.

Given that the Directors are entitled to determine any performance targets to be achieved and that the exercise price of an option cannot in any event fall below the price stipulated in the [●] or such higher price as may be fixed by the Directors, it is expected that grantees of an [●] will make an effort to contribute to the development of our Group so as to bring about an increase of market price of the Shares in order to capitalize on the benefits of the options granted.

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2. *Who may join*

The Board may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("**Eligible Persons**"), to take up options to subscribe for Shares:

- (a) any employee (whether full time or part time) of our Company, its subsidiaries or any entity ("**Invested Entity**") in which our Group holds any equity interest, including any executive Director of our Company, its subsidiaries or Invested Entity;
- (b) any non-executive Director (including independent non-executive Director) of our Company, its subsidiaries or any Invested Entity;
- (c) any senior management of our Company, its subsidiaries or Invested Entity;

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, any person who falls within any of the above classes shall not, by itself, unless the Board otherwise determines, be construed as a grantee of option under the Share Option Scheme.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company as consideration for the grant.

3. *Maximum number of Shares*

- (a) Subject to the provisions of paragraph 3(b) below:
 - (i) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed [●] Shares, being 10% ("**Scheme Mandate Limit**") of the Shares in issue immediately after completion of the [●] (assuming the [●] is not exercised) unless our Company obtains a fresh approval from its shareholders pursuant to paragraphs (ii) and/or (iii) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
 - (ii) Our Company may seek an approval from the shareholders in general meeting to refresh the Scheme Mandate Limit from time to time such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 10% of the Shares in issue as at the date of such shareholders' approval. Options previously granted under the Share Option Scheme (including options which are outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the new limit.
 - (iii) Our Company may seek separate shareholders' approval in general meeting to grant options over and above the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is then obtained.
- (b) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 30% of the Shares

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in issue from time to time. No option may be granted under the Share Option Scheme and any other share option schemes of our Company if such limit is exceeded.

4. *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised or outstanding options) to each Eligible Person in any 12-month period must not exceed 1% of the issued share capital of our Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be subject to the issue of a circular to the shareholders and the shareholders’ approval in general meeting of our Company with such Eligible Person and its associates abstaining from voting.

5. *Grant of options to connected persons*

- (a) Any grant of options under the Share Option Scheme and any other schemes to a connected person or any of their respective associates must be approved by independent non-executive Directors of our Company (excluding any independent non-executive Director who is the grantee of the options).
- (b) Where any grant of options to a [●] or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, [●], in excess of HK\$5 million;

such proposed grant of options must be approved by shareholders in general meetings of our Company. Our Company must send a circular to the shareholders. All connected persons of our Company must abstain from voting in favor of the proposed grant of options at such general meeting.

6. *Time of acceptance and exercise of Option*

An option may be accepted by an Eligible Person within 15 days from the date of the offer of grant of the option.

Subject to the discretion of the Board who may impose restrictions on the exercise of the option, an option may be exercised 1 year after the date on which the option is granted and shall expire on the earlier of the last day of (i) a 6 years period from the date of such grant and (ii) the expiration of the Share Option Scheme.

7. *Subscription price for Shares*

The subscription price (“**Subscription Price**”) for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the [●]’s daily quotations on the date of grant of that option, which must be a business day; (ii) the average closing price of Shares as stated in the [●]’s daily quotations for the five business days immediately preceding the date of grant of that option; and (iii) the nominal value of the Shares.

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8. Ranking of Shares

Shares issued upon the exercise of an option shall not carry voting rights until the registration on our Company's register of members of the option holder as the holder thereof. If under the terms of a resolution passed or an announcement made by our Company prior to the date of exercise of an option, a dividend is to be or is proposed to be paid to holders of Shares on the register of members on a date prior to such date of exercise, the Shares to be issued upon such exercise will not be entitled to such dividend. Subject as aforesaid, Shares allotted upon the exercise of an option shall rank equally in all respects with the Shares in issue on the date of such exercise.

9. Restrictions on the time of grant of Options

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced.

10. Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 6 years commencing from the Adoption Date.

11. Lapse of Option

If the grantee of an option ceases to be an Eligible Person by reason of:

- (a) termination of his employment (if the Eligible Person is an employee of our Company, its subsidiaries or any Invested Entity) as any one of more of the grounds that he has been guilty of misconduct, bankruptcy, insolvency or conviction for a criminal offence or has made any arrangements or composition with his creditors generally;
- (b) death, winding-up or dissolution; or
- (c) voluntary resignation, retirement, expiry of employment contract or termination of employment (if the Eligible Person is an employee of our Company, its subsidiaries or any Invested Entity) on any grounds other than those set out in (a) or (b) above,

then the grantee's outstanding option shall lapse on or before:

- (A) in the case of (a) above, on the date of the grantee's termination of employment;
- (B) in the case of (b) above, on the date which is the earlier of 12 months after the grantee so ceases or the expiration of the Option Period (as defined in the Share Option Scheme); and
- (C) in the case of (c) above, on the date which is 1 month from the date of the grantee's cessation of employment.

12. Rights on a general offer, a compromise or arrangement

In the event of a general offer, whether by way of take-over, or scheme of arrangement, is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and such offer becomes or is declared unconditional, a grantee (or his or her legal personal representative(s)) shall be entitled to exercise the Option (to the extent not already exercised) at any time within 1 month after the date on which such offer becomes or is declared unconditional.

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In the event of compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all option holders on the same date as it dispatches the notice which is sent to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon each option holder (or where permitted, his or her personal representative(s)) may by notice in writing to our Company accompanied by the remittance for the Subscription Price in respect of the relevant option exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice provided that the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective and as soon as possible thereafter our Company shall allot and issue such number of Shares to the option holder which falls to be issued on such exercise credited as fully paid and register the option holder as holder of such Shares.

13. Rights on winding up

In the event that a notice is given by our Company to the shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily windup our Company, our Company shall forthwith give notice thereof to all option holders and thereupon, each option holder (or his or her legal personal representative(s)) may by notice in writing to our Company (such notice to be received by our Company not later than 7 Business Days prior to the proposed general meeting of our Company) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than 1 Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the option holders credited as fully paid.

14. Adjustments to the subscription price

In the event of any reduction, sub-division or consolidation of the share capital of our Company or any rights issue or capitalization issue, or any distribution of capital assets to shareholders pro rata, the Subscription Price or the number of securities subject to options already granted so far as unexercised and/or the subscription price and/or the method of exercise of the option shall be adjusted in such manner as the Board may think fair and reasonable, provided always that (i) an option holder shall have the same proportion of issued share capital of our Company as that to which he was previously entitled before prior to such adjustments; and (ii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares or other securities of our Group as consideration for the acquisition of any assets or business of our Group may not be regarded as a circumstance requiring adjustment.

15. Cancellation of options

Any cancellation of options granted but not exercised must be approved by the Board, with participants and their associates abstaining from voting. New options may be issued to an option holder in place of his cancelled options only if there are available unissued options (excluding the cancelled options) within the limit set out in paragraph 3 above.

16. Termination of the Share Option Scheme

The Board may terminate the Share Option Scheme at any time and in such event no further options shall be offered, but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

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In the event of such termination of the Share Option Scheme, details of the options granted, including options exercised or outstanding, under the Share Option Scheme and options that become void or non-exercisable shall be disclosed in a circular to shareholders seeking approval of the first new scheme established thereafter.

17. Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable save as provided under the rules of the Share Option Scheme.

18. Others

Any alternations to the Share Option Scheme in relation to the following areas shall be approved by the shareholders in general meeting:

- (a) [●]
- (b) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (c) any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme.

F. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the PRC and other jurisdictions in which the companies comprising our Group are incorporated.

2. Tax and other indemnity

Boom Win, Shu Cecheng, Shu Cewan and the Company (together, the “Indemnifiers”) have entered into a deed of indemnity in favor of our Group (being a material contract referred to in the paragraph headed “Summary of material contracts” of this Appendix) to provide the following indemnities in favor of our Group. Our Directors have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries.

Under the deed of indemnity, amongst others, the Indemnifiers will jointly and severally indemnify each of the members of our Group against (a) taxation falling on any member of our Group resulting from or by reference to any income, profits or gains accrued or received (or deemed to be so earned, accrued or received) on or before the date when the [●] becomes unconditional; (b) any costs, expenses and operating and business losses arising from the relocation of the business or assets from any property leased, rented, occupied in the event any member of our Group is not permitted to use or occupy or is being evicted from such property due to the relevant leases not being legal or enforceable. The Indemnifiers further jointly and severally undertake to indemnify each of the members of our Group on demand against any losses, damages, costs or expenses which may be suffered or incurred in connection with any form of taxation or taxation claim or any foregoing property related loss or claim.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation where, among others, (a) provision has been made for such taxation in the audited accounts of our Group; and (b) the taxation arises or is incurred as a result of a retrospective change in law or regulation or

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

the interpretation thereof or practice by the relevant tax authority coming into force after the date on which the [●] becomes unconditional or to the extent that the taxation arises or is increased by an increase in rates of taxation as a result of a change in law or regulation or interpretation thereof or practice by the relevant tax authority after the date on which the [●] becomes unconditional with retrospective effect.

3. Litigation

As of the Latest Practicable Date, we are not aware of any other litigation or arbitration proceedings pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

13. Miscellaneous

Save as disclosed in this document, there are no founder, management or deferred shares nor any debentures in the Company or any of its subsidiaries and no amount or benefit had been paid or given within the two immediately preceding years or is intended to be paid or given to [●].

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2012 (being the date to which the latest audited consolidated financial statements of the Group were made up).

There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document.

There is no arrangement under which future dividends are waived or agreed to be waived.

The register of members of the Company will be maintained in Hong Kong by Computershare. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with any registered by the Company's share register in Hong Kong and may not be lodged in the Cayman Islands.

No company within the Group is presently listed on any stock exchange or traded on any trading system.

The Directors have been advised that, under the Cayman Islands Companies Law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by the Company in conjunction with its English name does not contravene the Cayman Islands Companies Law.

The English text of this document shall prevail over the Chinese text.