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

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our property development business is heavily dependent on the performance of the real estate market in China, particularly in Jiangsu and Hunan provinces

Our property development business is subject to the conditions of the PRC real estate market, particularly in Jiangsu and Hunan provinces, where all of our existing property projects are located. Growth in demand for commercial and residential properties in the PRC is often coupled with volatility in market conditions and fluctuation in property prices. The PRC property market is affected by many factors, including changes in the PRC's political, economic and legal environment. During the Track Record Period, we derived a substantial portion of our revenue from our Golden Wheel International Plaza and Golden Wheel Star City projects. We will continue to depend on our property developments for a substantial portion of our revenue in the future. As all of our projects and property developments are located in Jiangsu and Hunan provinces, we expect that our property development business will be significantly affected by the state of the real estate market in these regions. In addition, as advised by Savills, the current over-supply of real estate properties in Nanjing and Yangzhou, our principal markets, may also subject us to greater competition and potential price cuts. Any over-development, market downturn, or fluctuations in property prices in the PRC in general, and in particular Jiangsu and Hunan provinces, would have a material adverse impact on our business, financial condition and results of operations. If we do not respond to the changes in market conditions and customer preferences in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, the PRC government may from time to time revise its fiscal and monetary policies to adjust the growth rate of PRC national economy and local economies, and such policy changes may affect the real estate market in the regions where we have or will have property developments. There can be no assurance that our property development or our sales and leasing activities will maintain at the levels we achieved during the Track Record Period.

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

Our business is subject to extensive governmental regulations. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control of foreign exchange, taxation, financing available and foreign investment. These measures include raising benchmark interest rates of commercial banks, placing additional limitations on the ability of commercial banks to make loans to property developers, imposing additional taxes and levies on property sales, restricting foreign investment in the PRC property sector and restricting domestic individuals to purchase properties in some cities in China. For additional information on the PRC laws and regulations relating to the property market, please refer to the section headed "Regulation" in this prospectus. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and our future business development. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies and regulations in the future. If we fail to adapt our operations to new policies and regulations that may come into effect from time to time with respect to the real estate industry, or such policy changes disrupt our business prospects or cause us to incur additional costs, our business, results of operations and financial condition may be materially and adversely affected.

Fair value gains on our investment properties represented a substantial portion of our net profit during the Track Record Period, and the fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact our profitability

We had a sizeable completed investment property portfolio with an aggregate GFA of approximately 63,942 sq.m. as of 30 September 2012 and we are required to reassess the fair value of our investment properties at the end of each reporting period on which we issue financial statements. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income in the period in which they arise.

We recognize the fair value of our investment properties on our consolidated statements of financial position, and recognize fair value gains or losses on investment properties and the relevant deferred tax on our consolidated statements of comprehensive income. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we recorded fair value gains on our investment properties in the amounts of approximately RMB250.2 million, RMB306.9 million, RMB539.9 million and RMB75.0 million, respectively, which represented 60.3%, 75.1%, 73.6% and 21.0% of our profit before tax, respectively, and 67.4%, 78.5%, 78.9% and 27.2% of our net profit, respectively, for the same periods.

The increase in the fair value of our investment properties during the Track Record Period was primarily due to the addition of new investment properties and the overall value appreciation of our properties in Jiangsu and Hunan provinces. Fair value gains do not, however, change our overall cash position as long as we continue to hold such investment properties. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. The fair value gains of our investment properties for the year ending 31

December 2012 are not expected to increase significantly, or might even decrease, as compared to the year ended 31 December 2011. We cannot assure you that changes in market conditions (if any) will continue to create fair value gains on our investment properties at previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future or that our investment properties will increase substantially or at all. In particular, the fair value of our investment properties could decline in the event that, among other things, the real estate industry experiences a downturn as a result of PRC government policies aimed at "cooling-off" the PRC real estate market, or any global market fluctuations and economic downturn. There is no assurance that the fair value gains (if any) on our investment properties will increase due to any increase in our portfolio of investment properties and/or increase overall value appreciation of properties in Jiangsu and Hunan provinces. Any decrease in the fair value of our investment properties could lead to a decrease in fair value gains on investment properties in our statements of comprehensive income which could adversely affect our financial performance.

We do not hold any other property for future development other than our existing property development projects, and we may not be able to locate or acquire suitable sites for our future projects at reasonable costs, or at all

We derived our revenue mainly from the sale and lease of properties developed by us. Our ability to generate sustainable revenue depends on our ability to continuously identify and acquire suitable sites for property development. Many cities in China, including Nanjing, Yangzhou and Zhuzhou, have seen an increase in land costs in recent years and there is a limited supply of suitable land available for development in such cities. As a result, we may not be able to acquire suitable land at reasonable costs. We may also face strong competition from other property developers for the sites we plan to acquire and we cannot assure you that we will be able to acquire these sites at reasonable costs, or at all. Furthermore, the PRC government and the relevant local authorities have control over the supply of substantially all land and their approved usage, which in turn affects the price at which we can acquire land. Further changes in government policy with regard to land supply and development may lead to increases in our costs of acquiring land and limit our ability to successfully acquire land at reasonable costs, which would have a material adverse impact on our business, financial condition and results of operations.

We have entered into a number of non-binding letters of intent with the relevant governmental authorities and third-parties with respect to certain parcels of land. One of the letters of intent is in relation to the Shuanglong Road Project, for which we won the bid for the land acquisition in late October 2012 but we have not entered into the relevant land use right grant contract as of the Latest Practicable Date. We cannot assure you that these letters of intent (including Shuanglong Road Project) will eventually result in our acquisition of any land use right or our entering into of any land use right grant contract, or that the governmental authorities will grant us the land use right or issue the relevant land use right certificates in respect of these parcels of land. If we fail to obtain or experience a material delay in obtaining the land use right, our business, financial condition and results of operations may be materially and adversely affected.

As of the Latest Practicable Date, other than our existing property development projects, we currently do not hold any other land for further development since all of our land bank either had been developed or was under development. If we were unable to locate and acquire suitable land for future development before we complete the construction work for all of our current properties under development (namely, Nanjing Jade Garden, Golden Wheel Star Plaza, Golden Wheel New Metro and Golden Wheel Star City (Phase II Buildings No. 10 and 18)), which is expected to be the end of 2013, we would not have any new property for development. If we do not have any new property for sale or lease, our operating cash inflow and profitability would be materially and adversely affected. Given that pre-sale proceeds have been an important source of our funding for new projects, if we do not have any pre-sale proceeds from new properties, our then revenue from our property leasing and operational management business may not be sufficient to maintain our Group's operation or fund future development projects when opportunities arise. Such risks, if realized, could have a material adverse effect on our business, operation and future prospects.

We were not in full compliance with the applicable PRC laws and regulations during the Track Record Period

We were not in full compliance with the applicable PRC laws and regulations during the Track Record Period. The non-compliance incidents include (i) Late completion of Nanjing Jade Garden and Golden Wheel Star Plaza, (ii) delivery of certain property units of Golden Wheel Time Square to our customers before passing the construction completion examination, (iii) failure to complete lease registration for certain leased properties of Golden Wheel Time Square, (iv) failure to make housing fund contributions for some of our employees, and (v) granting loans to one of our PRC subsidiaries. For details of the non-compliance incidents, please refer to the section headed "Business — Regulatory Compliance" in this prospectus. Any future judgment or penalty against us in respect of these non-compliance incidents could have an adverse effect on our reputation, cash flow and results of operations. For the risks associated with our failure to make housing fund contributions for our employees, please refer to "— We were not in full compliance with PRC housing funds contribution requirement and did not make housing fund contributions until April 2012", and for risks associated with late completion, please refer to the section headed "— We may not be able to meet project development schedules and complete our projects on time, or at all" below.

We were not in full compliance with PRC housing funds contribution requirements and did not make housing fund contributions until April 2012

Our PRC subsidiaries had not set up their respective housing fund accounts with the relevant local housing funds authorities until April 2012 and we did not make housing fund contributions for our employees before these accounts were set up. Although we were not aware of any recent complaints or demands for payment of housing fund contributions from our employees and did not receive any relevant legal documentation from the relevant authorities disputing our housing fund contributions, we cannot assure you that no such claims would be brought against us in the future.

As advised by our PRC legal advisors, Jun He Law Offices, according to the applicable PRC laws and regulations, employers who fail to pay housing fund contributions may be ordered to rectify the problem. If the relevant authorities determine that we have violated the relevant laws and regulations, the maximum liability will be approximately RMB2.5 million, for which we have made a full provision as of the Latest Practicable Date. Any judgment against us in respect of our outstanding housing fund contributions could have a material adverse effect on our reputation, cash flow and results of operations.

We had net cash outflows from operating activities for the six months ended 30 June 2012, which may impair our ability to make necessary capital expenditures, acquire suitable land, develop and complete our property projects on time, or settle our debt obligations when due.

We had net cash outflow from operating activities of RMB75.4 million for the six months ended 30 June 2012, which was primarily attributable to a decrease in deposits and prepayments received from pre-sale of properties due to project development schedules, as well as an increase in prepayment for acquisition of leasehold land held for development for sale of RMB60.0 million in connection with our Zhuzhou Yunlong Project. For details, please refer to the section headed "Financial Information — Liquidity and Capital Resources — Cash Flows" in this prospectus. Net cash outflows from operating activities may impair our ability to make necessary capital expenditures, acquire suitable land, develop and complete our property projects on time, or settle our debt obligations when due. If we are unable to meet our debt obligations, our creditors could choose to demand immediate repayment from us, which may materially and adversely affect our financial condition. During the six months ended 30 June 2012, a substantial portion of our revenue was derived from the sale of Golden Wheel Time Square in which a major portion of the total saleable GFA of the property had been sold. Given that only a small portion of the total saleable GFA of Golden Wheel Time Square is expected to be sold after 30 June 2012 and that a substantial portion of the current properties under development is expected to be sold after 2012, each of our revenue and net profit for the six months ending 31 December 2012 is expected to decrease by more than 50% from that for the six months ended 30 June 2012. There is no assurance that our property development and property leasing and operational management business will continue at the levels that we achieved during the Track Record Period. If we continue to have net cash outflows from operating activities in the future, we may not have sufficient working capital and our business, financial condition and results of operations may be materially and adversely affected.

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

Property development is capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete our projects. We finance our property development projects through our operating cash inflow (mainly pre-sale proceeds of our projects), bank loans and our shareholders' capital contribution.

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

- prohibit the PRC commercial banks from granting loans to property developers for the purpose of paying land acquisition consideration;
- restrict the PRC commercial banks from granting loans for the development of luxury residential properties;
- require property developers to fund a minimum amount of 20% (commodity residential property projects) and 30% (other projects) of the total estimated capital required for the project with internal funds; and
- prohibit property developers from using borrowings obtained from local banks to fund property developments outside that local region.

As a result, we may not be able to obtain bank loans or funding from other sources in the future on commercially acceptable terms, or at all, which could have a material adverse impact on our business, financial condition and results of operations.

In addition to bank loans, we utilize pre-sale proceeds and funds generated from our operations as an important source of financing for our property development. There can be no assurance that we can achieve sufficient pre-sale proceeds, or at all, to finance a particular development project. Any restriction on our ability to pre-sell or sell our properties, including any increase in the amount of upfront expenditures we must incur prior to obtaining a pre-sale permit, or any restriction on our ability to utilize pre-sale proceeds, including as a result of changes to PRC laws and regulations governing the use of pre-sale proceeds, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance the various stages of our property development projects. Our ability to generate cash depends on the demand for and prices of our properties and our ability to continuously develop and sell or lease our properties. Any restriction on our ability to pre-sell or sell, any change in our ability to generate profits from our operations or our ability to collect installments from the purchasers could have a material adverse impact on our business, financial condition and results of operations. Moreover, there is no assurance that we will be able to maintain our prudent net debt to equity ratio in the future at the level we had during the Track Record Period. If our net debt to equity ratio increases significantly in the future, our ability to raise bank borrowings could be negatively affected, which would in turn limit our ability to acquire land or capture other opportunities and as a result our business, financial condition and results of operations may be materially and adversely affected.

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

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

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- relocation of existing site occupants and demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes and adverse weather conditions;
- adverse geographical conditions; and
- changes in market conditions.

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

In addition, we are required to complete the construction of the projects within certain specified time periods under the respective land use right contracts that we signed with the relevant local land authorities. We expect that we will not be able to complete the construction of Nanjing Jade Garden and Golden Wheel Star Plaza within the specified time periods under the relevant land use right contracts and the relevant extension approval (the "**Late Completion**"). If we fail to complete the construction of the projects within the specified time periods, we will be required to pay to the Nanjing Land and Resource Bureau (南京市國土資源局) (the "**Land Bureau**") a daily late fine of 0.05% of the proportionate consideration calculated based on the incomplete portion of the projects under the land use right contracts. If the delay extends beyond one year, the local land authorities are entitled to forfeit part of the land on which the construction has not been completed without any payment to us. Our PRC legal advisors, Jun He Law Offices, have conducted an interview with the Land Bureau with respect to the Late Completion and understands that the Land Bureau is aware that delay in completion of construction is not uncommon in Nanjing and in practice it generally would not strictly enforce the terms of the relevant land use right contracts in relation to a late fine or forfeiture of the relevant land use right. We plan to complete Nanjing Jade Garden and Golden Wheel Star Plaza within one year after the respective deadline under the land use right contracts and the extension approval. On that basis, Jun He Law Offices, our PRC legal advisors, advised us that the Land Bureau would not seek to forfeit the relevant land use right and the risk that the Land Bureau would impose a late fine on us would be minimal. For details, please refer to the section headed "Business — Regulatory Compliance — Late Completion of Nanjing Jade Garden and Golden Wheel Star Plaza" in this prospectus. However, we cannot assure you that the relevant land authorities will not strictly follow the terms of the relevant land use right contracts and ask us to pay a late fine or even forfeit the relevant land use right. In addition, we may be required to pay penalties for late delivery to the purchasers of these two projects. According to the pre-sale contracts of Nanjing Jade Garden, we are required to pay a daily fine of 0.01% of the payment made by our purchasers if we fail to deliver the properties by the end of November 2013. Based on the pre-sale proceeds recorded for Nanjing Jade Garden as of the Latest Practicable Date, if we fail to deliver the properties on time, the daily fine we are required to pay to our purchasers will be approximately RMB16,000 and the amount of the total fine will depend on the length of delay. Such risks, if realized, will materially and adversely affect our business, financial condition and results of operations.

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

As of 30 September 2012, we held an aggregate GFA of approximately 63,942 sq.m. as investment properties. Investment properties are illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by prospective purchasers would be acceptable to us. We also cannot predict the length of time needed to find customers and to complete the sale. In addition, we may be required to expend funds to maintain properties, to correct defects, or to make improvements before a property can be sold, and we cannot assure you that we would have such funds available.

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

Any failure of third-party transferors to comply with the applicable PRC laws and regulations for transfers of state-owned assets may affect our business

With respect to transfers of state-owned assets in the PRC, transferors are generally required to go through certain procedures as required by applicable PRC laws and regulations, including the filing of an asset appraisal report with the state-owned assets administration authorities and selling through a listing-for-sale process at designated exchange centers as required by the Provisional Measures for the Transfer of State-Owned Property Rights of Enterprises *(《企業國有產權轉讓管理暫行辦法》)* and the Provisional Measures for the Administration of Assessment of State-Owned Assets of Enterprises *(《企業國有資產評估管理暫行辦法》)*. In the event of a transfer of state-owned assets which is not in compliance with applicable PRC laws or regulations, the state-owned assets supervision and administration authorities have the right to require the transferors to rectify such non-compliance or to seek a court order to nullify such transfers.

In 2011, we acquired the land (the "**Land**") for Golden Wheel New Metro from Nanjing Metro (the "**Transfer**"). Nanjing Metro invited us to bid for the Land as part of its open invitation to the public, and did not undergo a listing-for-sale process at the designated exchange center in connection with the Transfer as required by relevant rules governing the transfer of state-owned assets. As a result, as advised by our PRC legal advisors, Jun He Law Offices, the Nanjing Stated-owned Assets Supervision and Administration Committee may require Nanjing Metro to rectify such non-compliance or seek a court order to nullify the Transfer. For details, please refer to the section headed "Business — Our Property Projects — Projects under Development — Golden Wheel New Metro" in this prospectus.

We expect to continue to build up our land bank. However, we cannot assure you that third-party transferors will fully comply with the applicable PRC laws and regulations for transfer of state-owned assets. Consequently, our property projects could be delayed indefinitely and we might need to spend time, incur costs and make efforts on litigations with such transferors; or if we have already pre-sold or sold the property units of the relevant projects and the court subsequently makes any unfavorable rulings in relation to the relevant land, we may be subject to claims by the purchasers. Although we may seek compensation from such transferors, it is uncertain as to whether and when we can obtain such compensation and the amount of compensation, if any. Any such risks, if realized, may materially and adversely affect our business, financial condition and results of operations.

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

The appraisal values of our properties as contained in the property valuation report contained in Appendix IV to this prospectus are based on multiple assumptions that include elements of subjectivity and uncertainty, and may be subject to substantial fluctuations. Therefore, the appraised values of our properties should not be taken as their actual or forecast realizable values. Unforeseeable changes to the development of the property projects as well as national and local economic conditions may affect the value of our properties.

These assumptions include:

- we will complete development projects on time;

- we have obtained or will obtain, on a timely basis, all approvals from regulators necessary for the development of the projects; and

- we have paid all the land premium and obtained all land use right certificates and transferable land use right.

If any of these assumptions turns out to be incorrect or the actual realizable value of any of our properties is significantly lower than its appraised value, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to obtain, extend or renew qualification certificates for property development

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

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

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

Under the relevant PRC laws and regulations, we are required to submit requisite applications for governmental approvals in connection with our property developments, including land use right documents and planning and construction permits, to the relevant local authorities of land resources and housing administration within 30 days after the receipt of the certificate of completion for the relevant properties, and to apply for the general property ownership certificates in respect of these properties. We are then required, within stipulated periods after delivery of the properties, to submit the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, and the general property ownership certificate, for the relevant authorities' review and issuance of the individual property ownership certificates in respect of the sale of the properties to the individual purchasers. Delay by any of the administrative authorities in reviewing the relevant applications and granting approval as well as other factors may affect the timely delivery of the general as well as individual property ownership certificates. We may become liable to property purchasers for monetary penalties for any late delivery of the individual property ownership certificates, which may be caused by delays in the administrative approval process or other reasons beyond our control. While we have not experienced any delay in the issuance of property ownership certificate to date, we cannot assure you that such delays will not occur with respect to our future property projects. In the event of any significant delay with respect to one or more of our property projects, our business and reputation would be adversely affected.

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

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the interest expenses of our bank borrowings (including the amount capitalized to inventories and properties under development) incurred were RMB16.0 million, RMB33.9 million, RMB35.3 million and RMB16.1 million, respectively. Increases in interest rates may also affect our customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase our properties. We cannot assure you that PBOC will not raise lending rates further or otherwise discourage bank lendings or that our business, results of operations and financial position will not be materially and adversely affected as a result.

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

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

As of 31 December 2009, 2010 and 2011 and 30 June 2012, our outstanding guarantees of mortgage loans in connection with our pre-sold residential properties amounted to RMB137.4 million, RMB176.8 million, RMB185.1 million and RMB210.3 million, respectively. During the Track Record Period, we have not experienced any material defaults by our customers. However, there can be no assurance that defaults will not occur in the future or that we will not suffer any loss as a result of such defaults. In addition, if a significant number of customers default on their mortgages and our guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the customer or that we cannot sell such properties due to unfavorable market conditions or other reasons.

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

Our success depends on the continued services of our executive Directors, in particular, Mr. Wong Yam Yin, Mr. Wong Kam Fai and Mr. Wong Kam Keung, Barry and other members of our senior management. Competition for talented employees is intense in the PRC commercial property industry. We are particularly dependent on our executive Directors as well as other senior management members for their vision to lead our Company and their industry knowledge and relationships that are crucial to our business and operations. If we lose the services of any core management team member and fail to find a suitable substitute, our business may be adversely impacted.

We may not be able to control the individual or collective decisions of certain tenants and property owners of our commercial complexes and other properties

To realize better cash flow and to free up capital to invest in additional property development projects, we have sold or leased in the past and will continue to sell or lease units of our commercial complexes and other properties. There can be no assurance that we will be able to control any individual or collective decisions of any tenants and property owners in the way they operate or lease such units or that any conflict in the usage of such units will not arise. Any material dispute between our tenants and us may have a material adverse impact on the reputation, business, operations and value of the related commercial complexes and other properties.

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

Our commercial properties compete for tenants with a number of other commercial properties in the surrounding areas on the basis of a wide range of factors, including location, design, construction quality and management. We also compete for tenants on the basis of rent levels and other lease terms. We seek to maintain the quality and attractiveness of our commercial complexes by securing long-term partnerships with domestic and foreign brands across a wide spectrum of industries. Many branded companies, such as H&M, Sephora and Dou Lao Fang (豆捞坊), are our major tenants.

However, we cannot assure you that our existing and prospective tenants will not lease properties from our competitors. As a result, we may lose existing and prospective tenants to our competitors and have difficulty in renewing leases when they become due or in finding new tenants. An increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants, reduce the relative attractiveness of our properties and force us to reduce rent or incur additional costs in order to make our properties more attractive. If we are not able to consistently compete effectively for commercial tenants with other property developers or operators, our occupancy rates may decline. If we fail to continue to attract well-known brands as our tenants or maintain our existing major tenants, the attractiveness and competitiveness of our commercial complexes may be adversely affected. This in turn could have a material adverse effect on our business, reputation, results of operations and financial position.

Any default by our major tenants could result in a significant loss of rental income and a reduction in asset value

We derive a substantial portion of our revenue from rent received from our major tenants. Our major tenants generally pay a significant portion of the total rents in respect of a commercial complex and, in some cases, contribute to our success of securing other tenants by attracting significant number of customers to our properties. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the percentages of rental income attributable to our top five tenants were approximately 26.8%, 14.6%, 9.0% and 17.2%, respectively. Any default by our major tenants could result in a loss of rental income and a decrease in the value of our properties. Moreover, such default may prevent us from increasing rents or result in lease terminations by, or reductions in rents for, other tenants under the conditions of their leases. Any of the above effects could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to liability to environmental violations

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

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

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

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

We have limited insurance to cover all potential losses and claims

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

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

We engage third party contractors to carry out various work including construction, equipment installation, internal decoration, landscaping, electro-mechanical engineering, pipeline engineering and lift installation. We select third party contractors mainly through a tender process. We cannot guarantee that any such third party contractor will provide satisfactory services and at the required quality level. In addition, we may not be able to engage sufficient quality third party contractors in the cities which we plan to expand into.

Moreover, completion of our property developments may be delayed and we may incur additional costs due to a contractor's financial or operational difficulties. The contractors may undertake projects from other developers; engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our project development costs. The services rendered by any of these independent contractors may not be constantly satisfactory or match our requirements for quality. Any of these factors could have a negative impact on our reputation, business, financial condition and results of operations.

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

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

The PRC real estate market is highly competitive and the intense competition in our property development business and property leasing and operational management business may materially and adversely affect our business, financial condition and results of operations

The PRC real estate market has been highly competitive in recent years. Our major competitors consist of large national and regional property developers, including local property developers that focus on one or more cities in Jiangsu and Hunan provinces. Some of our competitors may have better track record, greater financial, marketing and land resources, large sales networks and stronger brand name.

Our properties in Nanjing, Yangzhou and Zhuzhou face competition from similar properties in the same regions. Increasing competition in these regions may lead to an increase in competition for quality sites, an increase in land acquisition costs, an increase in supply of developed properties, decreased sales prices and a slowdown in the rate at which new property developments will be reviewed and approved by the relevant governmental authorities, all of which could materially and adversely affect our profitability. Such competition may also affect our ability to attract and retain tenants and customers and may reduce the rents or prices we are able to charge. Competing properties may have occupancy rates lower than our properties, which may result in those competitors being willing to lease or sell available space at lower prices than the space in our properties. If we are unable to compete effectively, our business, financial condition, results of operations, operation and prospects could be materially and adversely affected.

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

Any deterioration in our brand image could adversely affect our business

Our brand is important to the business operation and development. We also rely on the brand name of our corporate partners, including our major tenants, to attract potential customers to our commercial complexes. Any negative incident or negative publicity concerning us or our properties or any of our major tenants at our commercial complexes could adversely affect our reputation and business prospects. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumer trust. Consumer demand for our products and services and our brand value could diminish significantly if we fail to preserve the quality of our products and services, or fail to deliver a consistently positive consumer experience in each of our commercial complexes, or if we are perceived to act in an unethical or socially irresponsible manner. As we are less well known in certain regions in China where we do not have property projects, any negative publicity and resulting decrease in brand value, and/or failure to establish our brand in these regions could have a material adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we have not registered trademarks containing our brand "金輪 (Golden Wheel)" in the PRC. Any registration and use of such marks or any unauthorized use of our registered trademarks and other related intellectual property rights by others in their corporate names or brands could harm our image and competitive advantages. Furthermore, the PRC intellectual property laws and regulations are still evolving and there exists uncertainties as to how the relevant courts or governmental authorities will enforce such laws and regulations. Any failure by us to adequately protect our brand, trademarks and other related intellectual property rights may have a material adverse effect on our business, financial condition and results of operations.

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

We are incorporated under the laws of the Cayman Islands, but substantially all of our operations are in China. Under the EIT Law and its implementation rules, an enterprise incorporated in a foreign country or region may be classified as either a "non-resident enterprise" or a "resident enterprise." If an enterprise incorporated in a foreign country or region has its "de facto management bodies" located within China, such enterprise will be considered a PRC tax resident enterprise and will normally be subject to the enterprise income tax of 25% on its worldwide income. The relevant implementation rules define "de facto management bodies" as those which exercise substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties and other aspects of an enterprise. In April 2009, the State Tax Bureau issued a Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which sets forth certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in mainland China. However, Circular 82 only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals. Substantially all of the members of our management are currently residing in China and we expect them to continue to be located in China. Due to the lack of clear guidance on the criteria pursuant to which the PRC tax authorities will determine our tax residency under the EIT Law, it remains unclear whether the PRC tax authorities will treat us as a PRC resident enterprise for tax purposes. As a result, if we are deemed to be a PRC tax resident enterprise, we will be subject to an enterprise income tax rate of 25% on our worldwide income, and in addition, we will be obligated to withhold PRC income tax on the gross amount of dividends we pay to our Shareholders who are non-PRC tax residents. The withholding income tax rate is 10%, unless otherwise provided under applicable double taxation treaties between China and the governments of foreign tax jurisdictions where such non-PRC tax resident Shareholders reside. In addition, if we are deemed to be a PRC resident enterprise for tax purposes under the EIT Law, gains on sales or other transfers of the Offer Shares by an investor may also be treated as income derived from sources within the PRC and be subject to PRC tax.

The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations

Our income from the sale of land use right, buildings or related facilities on such land is subject to LAT, which is payable on the appreciation in value representing the balance of the proceeds received on such sales, after deducting various prescribed items, including payments made for acquisition of land use right, the direct costs and expenses of the development of the land and construction of the buildings and structures, finance costs up to a maximum of 10% of the total land acquisition costs and construction costs, the appraised price of any existing buildings and structures on the land and taxes related to the assignment of the property. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use right and the costs of land development and construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

On 28 December 2006, the SAT issued the *Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development (《關於房地產開發企業土地增值稅清算管理有關問題的通知》)*. This notice came into effect on 1 February 2007 and provides further clarity on the application of LAT with respect to property development projects. First, the notice specified that taxpayers will be required to settle LAT for each property project developed, or if the project is developed in stages, for each stage of the project. Second, LAT should be imposed on taxpayers under the following conditions: (i) when a property development is completed and completely sold; (ii) when an unfinished property project that is subject to final accounts is wholly transferred to a third party; or (iii) when the taxpayer's land use right is directly transferred. Finally, LAT may be imposed on taxpayers under the following additional conditions: (i) where a property development has been completed and approved, if the area transferred is greater than 85% of the total saleable area of the development, or if the area transferred is less than 85%, and the retained area is leased or used by the developer; (ii) where a property development has not been sold out on the expiration of three years from the date the advanced sale or pre-sale license was obtained; (iii) where a taxpayer has applied for cancellation of its tax registration but has not yet settled LAT; or (iv) where there are other circumstances as prescribed by the provincial tax authorities.

We have been prepaying LAT with reference to our pre-sale proceeds according to the relevant regulations of the local PRC government in jurisdictions where we have operations. Such LAT prepayments are recorded as a part of "prepaid taxes" on our consolidated statements of financial position. We also made LAT provision of RMB34.0 million, RMB19.4 million, RMB43.9 million and RMB72.6 million during the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. However, the actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects and the PRC tax authorities may not agree with us on the basis on which we calculate our LAT obligations. We cannot assure you that our LAT provision will be sufficient to cover our past LAT liabilities. We also cannot assure you that the relevant tax authorities will agree with us on the basis on which we have calculated our LAT liabilities. In the event that our Group is required to settle any or all unpaid LAT, our cash flow and results of operations during the related period may be materially and adversely affected.

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

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

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

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

On 10 December 2009, SAT promulgated the Circular of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Incomes from Equity Transfers of 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》) ("**Circular 698**") to regulate the administration of enterprise income tax on equity transfer from non-resident enterprise, with retroactive effect from 1 January 2008. Under Circular 698, if a foreign investor transfers its indirect equity interest in a PRC resident enterprise by means of disposal of its equity interests in an overseas holding company (the "**Indirect Transfer**") and the overseas holding company is located in a tax jurisdiction which levies tax at an effective tax rate of less than 12.5% or does not levy tax, the foreign investor shall report the Indirect Transfer to the competent tax authorities and provide required materials within 30 days after signing of the equity transfer agreement. The competent taxation authorities may ignore the existence of the overseas holding company, if the foreign investor conducts Indirect Transfer without reasonable commercial purpose and establishes the overseas holding company for tax avoidance purposes. As a result, gains derived from the Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10% and the foreign investor may be subject to penalty for any late tax payment.

We have made the requisite filings with the relevant local tax authorities with respect to the acquisitions of Golden Wheel International Corporation and Golden Wheel International Investment by Golden Wheel Pearl and Golden Wheel Jade. However, we cannot assure you that such acquisitions will not be regarded as Indirect Transfers. In the event that we are required to settle any relevant withholding tax under Circular 698, our cash flow and results of operations during the related period may be materially and adversely affected.

RISKS RELATING TO CHINA

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

Since 1978, China's GDP has grown at a rapid rate. In 2011, China's real GDP grew at a rate of 9.2%. We cannot assure you that such growth will continue in the future, particularly in light of the slower GDP growth data for the early part of 2012.

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

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

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

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

The global financial markets have experienced significant deterioration and volatility, which have negatively affected the global economy. Any further downturn may adversely affect our financial condition and results of operations

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global equity securities markets and tightening of liquidity in global credit markets. During the third quarter of 2011, the tightening monetary policies and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas financial markets. While it is difficult to predict how long these conditions will exist and the extent to which we may be affected, these developments may continue to present risks to our business operations for an extended period of time, including increase in interest expenses on our bank borrowings, or reduction in the amount of banking facilities currently available to us. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads in credit markets, a reduction in available financing and a tightening of credit terms.

Should there be a further economic downturn or credit crisis for any reason, our ability to borrow funds from current or other funding sources may be further limited, causing our continued access to funds to become more expensive, which would adversely affect our business, liquidity, financial condition, results of operations, and most importantly, our property development projects. As such, we cannot assure you that our business operations will not suffer further adverse effects caused by the previous or future credit crisis in the near future.

Fluctuations in the value of the RMB could have an adverse effect on your investment

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

As we rely on dividends paid to us by our PRC subsidiary, any significant revaluation of the RMB may have an adverse effect on our revenue and financial condition and the value of any dividends payable on the Shares in foreign currency terms. In addition, even though majority of our revenue and expenses are denominated in RMB, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets, earnings or any declared dividends. Also, any unfavorable movement in the exchange rate may lead to an increase in our costs or a decline in sales, which could adversely affect our business, financial condition and results of operations.

Governmental control of currency conversion may affect the value of your investment

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

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

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis, or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

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

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

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

The national and regional economies in China and our prospects may be materially and adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as avian flu or human swine flu

Some regions in China, including the cities where we operate, are susceptible to epidemics such as Severe Acute Respiratory Syndrome or SARS. 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, also known as Influenza A (H1N1), especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may materially and adversely affect our business, financial condition, results of operations and prospects.

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

We are a company incorporated under the laws of the Cayman Islands, but substantially all of our operations and assets are located in China. As a result, it may be difficult or impossible for you to effect service of process upon us. Moreover, China does not have treaties with most other jurisdictions, including Hong Kong, that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in China of the judgment of a non-PRC court, such as Hong Kong, in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Furthermore, an original action may be brought in China against us or our Directors or officers only if the actions are not required to be arbitrated by PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there has been no public market for our Shares. Following the completion of the Global Offering, the Hong Kong Stock Exchange will be the only market on which our Shares are listed. We cannot assure you that an active, liquid public trading market for our Shares will develop upon the present listing on the Hong Kong Stock Exchange. In addition, following the Global Offering our Shares may trade in the public market below the Offer Price. The Offer Price will be determined by agreement among us and the Joint Bookrunners, on behalf of the Underwriters, and the Offer Price may differ significantly from the market price of our Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

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

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

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

Future sale of our securities in the public market (or perception or speculation that such sales may occur) could have a material and adverse impact on the prevailing market price of our Shares

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

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

Purchasers of our Shares in the Global Offering may experience dilution if we issue additional Shares in the future

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

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

No dividend has been paid or declared by our Company since its date of incorporation. Prior to the Reorganization, Golden Wheel International Investment, a wholly-owned subsidiary of our Company, had declared and paid dividend in an amount of RMB54.1 million to its then shareholders during the year ended 31 December 2011. In addition, Nanjing Jade Golden Wheel had declared and paid dividends of RMB55.0 million to Golden Wheel International Investment (eliminated upon consolidation) and RMB4.5 million to a non-controlling shareholder during the year ended 31 December 2011. Nanjing Jade Golden Wheel had declared and paid dividends of RMB32.5 million to Golden Wheel International Investment (eliminated upon consolidation) and RMB2.6 million to a non-controlling shareholder during the six months ended 30 June 2012. Yangzhou Golden Wheel Real Estate had declared and paid dividends in aggregate of RMB83.4 million to Golden Wheel International Investment and Nanjing Jade Golden Wheel (eliminated upon consolidation) and declared dividend of RMB3.3 million to a non-controlling shareholder during the six months ended 30 June 2012.

Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition and position, the amount of distributable profits based on IFRS, our Memorandum and Articles of Association, the Cayman Islands Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividend policy, please see the section headed “Financial Information — Dividend Policy” in this prospectus. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

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

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

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering which included, among other things, certain financial information, projection, valuations and other information about our Group and the Global Offering. We have not authorised the disclosure of any such information in the press or media and we do not accept any responsibility for the accuracy or completeness of press coverage or other media reports that have not been prepared or approved by us in advance of publication. We make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any such report, projection, valuation or forward-looking information about us, or any of the assumptions underlying such information. We disclaim statements in the press or other media that are inconsistent or conflict with the information contained in this prospectus. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.