
RISK FACTORS

An investment in our Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to buy our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

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.

RISK FACTORS

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 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 prospectus.

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

RISK FACTORS

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.

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

RISK FACTORS

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.

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

RISK FACTORS

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 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.

RISK FACTORS

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. 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.

RISK FACTORS

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 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. If our operating results in one or more periods do not meet the market's expectations, the price of our Shares could be materially adversely affected.

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

RISK FACTORS

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 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 prospectus. The valuation was based on certain assumptions which, by their nature, are subjective and uncertain and, therefore the valuation may differ materially from the price we could receive in an actual sale of the properties in the market place. 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

RISK FACTORS

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 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

RISK FACTORS

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 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

RISK FACTORS

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 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

RISK FACTORS

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 prospectus. 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 change in control of our Company, which could deprive other Shareholders of an opportunity to sell their Shares at a premium and might reduce the price of our Shares. 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.

RISK FACTORS

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.

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

RISK FACTORS

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 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;

RISK FACTORS

- 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 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

RISK FACTORS

- 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 prospectus.

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.

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

RISK FACTORS

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 our net proceeds from the Global Offering will need to be initially used to increase the registered capital of, or acquire additional equity interests in our existing foreign-invested subsidiaries in the PRC or to establish new foreign-invested subsidiaries in the PRC. As advised by our PRC legal advisors, the repatriation of 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 proceeds from the Global Offering into the PRC for such intended uses in the PRC as described in the section headed “Future Plans and Use of Proceeds”. There can be no assurance that such filings will be completed on a timely basis, or that we will receive the approvals we request, which may delay or prevent us from using the proceeds from the Global Offering for our intended purposes. In addition, if the PRC Government issues policies or regulations that aim at further regulating or restricting overseas investment in the PRC real estate industry and if these policies or regulations have a direct application to our business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We face 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

RISK FACTORS

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.

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.

RISK FACTORS

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 on your investment.

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

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, including dividend payments on our Shares.

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 Global Offering, 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,

RISK FACTORS

any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders 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 to foreign investors including you.

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

RISK FACTORS

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 to our foreign investors and gains on the sale of our Shares 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, or the gain you may realize from the transfer of our Shares, will be treated as income derived from sources within the PRC and be subject to PRC income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and the Implementation Regulations. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

We face uncertainty with respect to 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

RISK FACTORS

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 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

RISK FACTORS

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.

RISKS RELATING TO OUR GLOBAL OFFERING

There has been no prior public market for our Shares and their liquidity and market price may be volatile.

Prior to the Global Offering, there was no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction of or restriction on financing for the property industry or housing market;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;

RISK FACTORS

- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, the Controlling Shareholders or other Shareholders.

You should note that the stock prices of companies in the property industry have experienced wide fluctuations. Such wide market fluctuations may adversely affect the market price of our Shares. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. For instance, during the global economic downturn and financial market crisis that began in the middle of 2008, the global stock markets witnessed drastic price drops with heavy unprecedented selling pressure. Many stocks fell to a fraction of their highs in 2007. These market fluctuations may also materially and adversely affect the market price of our Shares.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the real estate industry contained in this prospectus.

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and the real estate industry have been derived from various official government publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Underwriters or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, taken reasonable care in the reproduction and/or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the real estate industry contained in this prospectus.

Because the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution.

The Offer Price of the Shares is higher than the net tangible book value per share issued to existing holders of our Shares. Therefore, you and other purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value and existing holders of our Shares will receive an increase in net tangible book value per share of their Shares. If we issue additional Shares or equity-linked securities in the future, you and other purchasers of our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional Shares at a price lower than the net tangible assets book value per Share at the time of their issuance.

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 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,

RISK FACTORS

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 prospectus.

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.

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

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