
BUSINESS

OVERVIEW

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

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

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

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

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

BUSINESS

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

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

By selling, investing in, operating and managing properties, we have created a synergistic business model and a multi-dimensional perspective which we believe enables us to effectively address the needs of our existing and potential tenants and purchasers and assists us in increasing the prices we command in our property sales and rentals. We believe that by holding, operating and managing properties, we have accumulated significant expertise in the commercial real estate market, which in turn strengthens the confidence level of the purchasers and occupiers of our properties in our ability to increase the market value of our projects, allows us to more easily identify opportunities to improve the services we provide to our current and future tenants, purchasers and occupiers, and enables us to increase the income derived from our properties over time.

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

BUSINESS

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

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

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

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

OUR COMPETITIVE STRENGTHS

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

Well-positioned to benefit from China's economic policies

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

BUSINESS

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

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

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

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

Strong commercial real estate operational capability

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

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

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



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

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

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

Established relationships with well-recognized brands

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

BUSINESS

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

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

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

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

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

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

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

Note:

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

BUSINESS

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

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

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

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

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

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

OUR BUSINESS STRATEGIES

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

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

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

BUSINESS

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

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

Continue to enhance recognition of our brands

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

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

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

BUSINESS

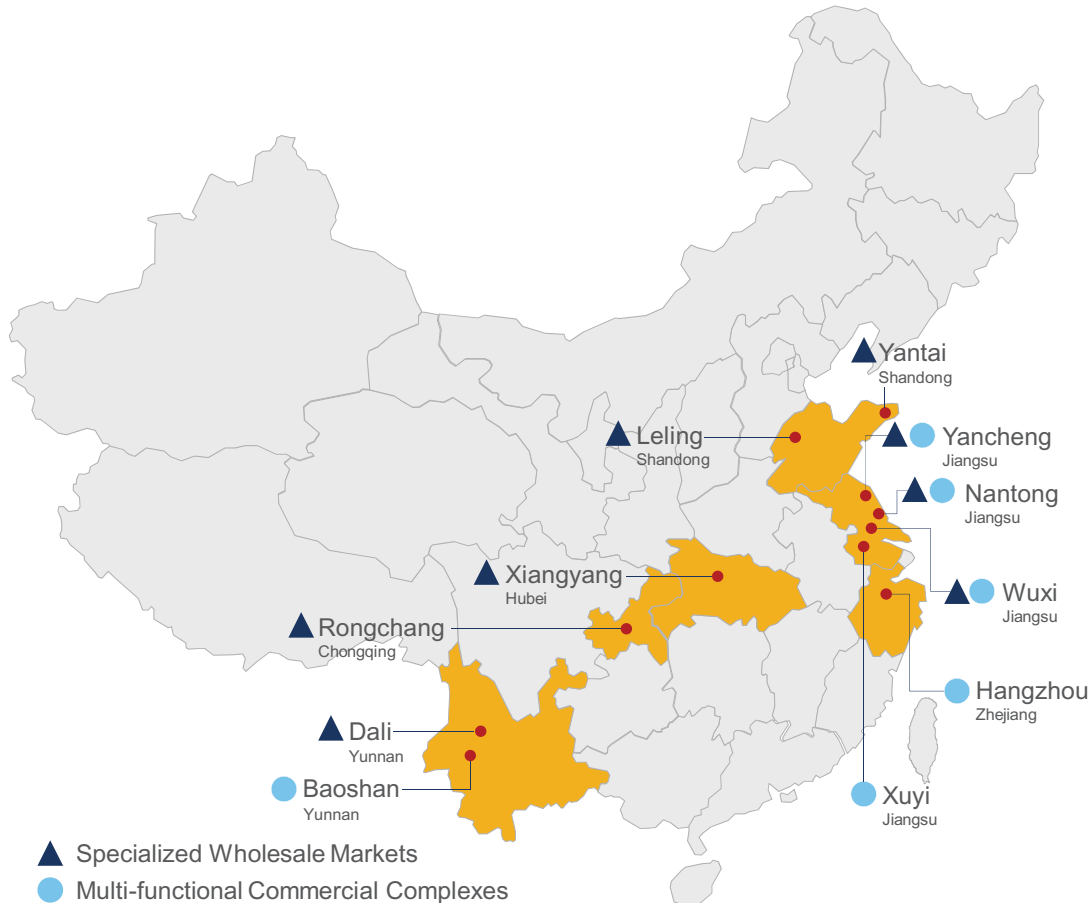
To further enhance recognition of our brands and customer loyalty, we intend to establish a membership club for our established and potential customers. We plan to survey customer preferences and gauge customer satisfaction among members. We also plan to distribute periodicals to members and organize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

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

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

OUR PROJECTS

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



Stages of Project Development

We broadly classify our property developments into four categories:

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

BUSINESS

- *Projects with MOUs signed.* We categorize projects as projects with MOUs signed when we have entered into an MOU based on our overall strategies and business development plans with the relevant government authorities, which sets forth the general development conditions relating to the site, including project type, site area and plot ratio. We may be granted the land use rights with respect to a particular land parcel through public tenders, auctions and listings-for-sale, but there is no assurance that any such land use rights will be granted. For further details, please refer to “Business — Our Projects — Projects with MOUs Signed” in this section and the section headed “Property Valuation” in Appendix III to this prospectus.

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

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

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

A property is treated as “pre-sold” when the sales contract with a customer has been entered into but the property is under development. A property is considered “sold” when the sales contract with a customer has been entered into and the property has been completed. The names of our projects used in this prospectus are those which we have used, or intend to use, to market our properties. Some of the project names may be different from the names registered with the relevant authorities. They are subject to approval by the relevant authorities and are therefore subject to change.

BUSINESS

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

Project name	Project type	Site area ('000 sq.m.)	Group's interest (%)	Completed projects			Projects under development			Projects planned for future development			
				Total GFA for entire project ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA ⁽²⁾ ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	
Jiangsu Province													
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城) market	specialized wholesale	266.6	100.0%	413.4	287.7	69.6%	287.7	104.3	25.2%	104.3	25.2%	21.4	5.2%
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城) market	specialized wholesale	293.1	100.0%	679.7	358.4	52.7%	358.4	81.8	12.0%	81.9	12.0%	239.4	35.2%
Wuxi Wuzhou International													
Columbus Plaza (無錫五洲國際哥倫布廣場) complex	functional commercial	69.3	64.3%	211.8	211.8	100.0%	136.2	—	—	—	—	—	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城) complex	multi-functional commercial	39.3	51.0%	191.3	49.5	25.9%	25.2	141.8	74.1%	72.3	37.8%	—	—
Meicun Wuzhou International Plaza (梅村五洲國際廣場) complex	functional commercial	23.7	90.0%	54.3	54.3	100.0%	48.9	—	—	—	—	—	—
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場) complex	multi-functional commercial	54.3	100.0%	142.2	9.7	6.8%	9.7	132.5	93.2%	132.5	93.2%	—	—
Nantong Wuzhou International Plaza (南通五洲國際廣場) complex	functional commercial	90.7	51.0%	365.1	—	—	—	365.1	100.0%	186.2	51.0%	—	—
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場) complex	functional commercial	21.1	100.0%	96.4	—	—	—	96.4	100.0%	96.4	100.0%	—	—
Huaian Wuzhou International Plaza (淮安五洲國際廣場) complex	functional commercial	64.7	100.0%	238.3	—	—	—	147.0	61.7%	147.0	61.7%	91.3	38.3%
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場) complex	functional commercial	20.7	59.0%	91.9	—	—	—	91.9	100.0%	54.2	59.0%	—	—
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城) market	specialized wholesale	128.1	100.0%	225.3	—	—	—	111.1	49.3%	111.1	49.3%	114.1	50.7%

BUSINESS

Project name	Project type	Site area ('000 sq.m.)	Group's interest (%)	Completed projects			Projects under development			Projects planned for future development						
				Total GFA for entire project ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA ⁽²⁾ ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA for entire project (%)	Total GFA ('000 sq.m.)	Total GFA attr. to us ('000 sq.m.)	% of total GFA attr. to us (%)	
Luoshe Wuzhou Columbus Plaza (洛社五洲哥伦布廣場)	multi-functional commercial complex	16.3	100.0%	51.2	—	—	51.2	100.0%	—	—	—	—	—	—	—	
Jianhu China Green Light Exposition City (建湖中國綠色照明博覽園)	specialized wholesale market	62.5	100.0%	94.2	—	—	—	—	—	—	94.2	100.0%	94.2	100.0%	100.0%	
Sheyang Wuzhou International Plaza (射陽五洲國際廣場)	multi-functional commercial complex	124.1	100.0%	479.7	—	—	—	—	—	—	479.7	100.0%	479.7	100.0%	100.0%	
Jiangyin Wuzhou International Plaza (江陰五洲國際廣場)	multi-functional commercial complex	73.3	90.0%	262.8	—	—	—	—	—	—	262.8	100.0%	236.5	90.0%	90.0%	
Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)	multi-functional commercial complex	36.3	100.0%	127.7	—	—	—	—	—	—	127.7	100.0%	127.7	100.0%	100.0%	
Wuzhou International Automobile Exhibition City (五洲國際汽車博覽城)	specialized wholesale market	202.8	75.0%	430.3	—	—	—	—	—	—	430.3	100.0%	322.7	75.0%	75.0%	
Sub-total		1,586.9		4,155.6	971.4	866.1	1,323.1	1,037.1	1,037.1	1,037.1	1,860.9	1,860.9	1,727.0	1,727.0	—	
Yunnan Province																
Dali Wuzhou International Trade City (大理五洲國際商貿城)	specialized wholesale market	288.1	100.0%	1,182.9	119.5	119.5	121.7	10.3%	121.7	121.7	10.3%	941.7	79.6%	941.7	79.6%	79.6%
Baoshan Wuzhou International Plaza (保山五洲國際廣場)	multi-functional commercial complex	61.6	80.0%	209.3	—	—	—	—	—	—	—	209.3	100.0%	167.4	80.0%	80.0%
Sub-total		349.7		1,392.2	119.5	119.5	121.7	121.7	121.7	121.7	1,151.0	1,151.0	1,109.1	1,109.1	—	—
Chongqing Municipality																
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)	specialized wholesale market	266.8	94.0%	475.8	85.4	80.2	193.4	16.9%	181.8	181.8	40.6%	197.0	41.4%	185.2	38.9%	38.9%
Sub-total		266.8		475.8	85.4	80.2	193.4	16.9%	181.8	181.8	40.6%	197.0	41.4%	185.2	38.9%	38.9%
Zhejiang Province																
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	multi-functional commercial complex	18.6	100.0%	76.6	—	—	76.6	100.0%	76.6	76.6	100.0%	—	—	—	—	—
Sub-total		18.6		76.6	—	—	76.6	100.0%	76.6	76.6	100.0%	—	—	—	—	—

BUSINESS

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

BUSINESS

Completed projects

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

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

BUSINESS

Project name	Group's interest (%)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA ('000 sq.m.)	Non-saleable GFA ⁽⁶⁾ ('000 sq.m.)	GFA sold and delivered ⁽³⁾ ('000 sq.m.)	GFA sold but not delivered ('000 sq.m.)	GFA held for sale ⁽⁶⁾ ('000 sq.m.)	GFA held for lease ⁽⁶⁾ ('000 sq.m.)	Occupancy rate as of February 28, 2013 (%)	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Meicun Wuzhou International Plaza (梅村五洲國際廣場) ...	90.0%	Dec 2010	Oct 2012	Jun 2011	54.3	13.9	15.2	—	2.0	23.2	91.0%	259.3	Jan 19, 2050 and Jan 19, 2060	No. 6 No. 44
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	100.0%	Jun 2011	Sep 2012	Aug 2011	9.7	0.3	9.1	—	0.3	—	91.0%	4.2	May 25, 2051 and May 25, 2081	No. 7
Sub-total					<u>971.4</u>	<u>124.5</u>	<u>634.1</u>	<u>30.1</u>	<u>42.9</u>	<u>139.8</u>		<u>1,809.4</u>		
Yunnan Province														
Dali Wuzhou International Trade City (大理五洲國際商貿城)														
Phase I	100.0%	Jun 2011	Jun 2012	Jul 2011	119.5	0.9	88.2	1.2	29.2	—	98.0%	144.6	Oct 12, 2050	No. 5
Sub-total					<u>119.5</u>	<u>0.9</u>	<u>88.2</u>	<u>1.2</u>	<u>29.2</u>	<u>—</u>		<u>144.6</u>		
Chongqing Municipality														
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)														
Phase I	94.0%	Aug 2011	Feb 2013	Sep 2011	85.4	—	—	80.9	4.5	—	85.0%	338.9	Jul 28, 2051 and Nov 23, 2061	No. 8
Sub-total					<u>85.4</u>	<u>—</u>	<u>—</u>	<u>80.9</u>	<u>4.5</u>	<u>—</u>		<u>338.9</u>		
Total					<u>1,176.3</u>	<u>125.4</u>	<u>722.3</u>	<u>112.2</u>	<u>76.7</u>	<u>139.8</u>		<u>2,292.9</u>		

BUSINESS

Projects under development

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

Project name	Group's interest (%)	Total GFA or estimated total GFA ('000 sq.m.)	Non-saleable GFA ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA pre-sold ⁽⁴⁾ ('000 sq.m.)	GFA held for lease ⁽⁵⁾ ('000 sq.m.)	Construction commencement date	Estimated construction completion date	Actual/estimated pre-sale commencement date	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Jiangsu Province												
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)												
Phase IV	100.0%	104.3	23.2	55.4	0.7	25.0	Jul 2012	Dec 2013	Dec 2012	616.4	Jun 22, 2043	No. 18
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)												
Phase II Hall C	100.0%	81.8	12.4	48.1	—	21.3	Dec 2012	Apr 2014	Jan 2013	310.3	Jan 14, 2048	No. 9
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)												
Phase III	100.0%	141.8	27.4	94.9	5.4	14.0	Dec 2011	Dec 2013	Jun 2012	505.1	Dec 24, 2058	No. 12
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)												
	100.0%	132.5	33.7	36.9	51.3	10.6	Nov 2011	Oct 2013	Aug 2012	507.5	May 25, 2081	No. 17
Nantong Wuzhou International Plaza (南通五洲國際廣場)												
	51.0%	365.1	78.2	259.8	21.1	6.0				839.4		
Northern Area												
		136.8	36.6	79.1	21.1	—	Apr 2012	May 2014	Sep 2012		Jun 7, 2050	No. 19
Southern Area												
		228.3	41.6	180.7	—	6.0	Oct 2012	Jan 2014	May 2013		Jun 7, 2080	
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)												
	100.0%	96.4	28.5	34.7	16.7	16.5	May 2011	Jun 2013	Jun 2012	712.7	Nov 14, 2080	No. 14
Huaian Wuzhou International Plaza (淮安五洲國際廣場)												
Phase I	100.0%	147.0	24.1	82.0	13.2	27.7	May 2011	Dec 2013	Nov 2011	711.8	May 4, 2050	No. 15
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)												
	59.0%	91.9	21.1	52.3	14.1	4.4	Aug 2011	Jun 2013	Nov 2011	565.5	Dec 16, 2050	No. 16

BUSINESS

Project name	Group's interest (%)	Total GFA or estimated total GFA ('000 sq.m.)	Non-saleable GFA ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA pre-sold ⁽⁴⁾ ('000 sq.m.)	GFA held for lease ⁽³⁾ ('000 sq.m.)	Construction commencement date	Estimated construction completion date	Actual/estimated pre-sale commencement date	Attributable capital value (RMB in millions)	Expiration date of land use rights	Ref. to Property Valuation Report
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)												
Phase I	100.0%	111.1	—	80.9	30.2	—	Feb 2012	Apr 2013	Mar 2012	541.6	Jan 30, 2052	No. 20
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)												
	100.0%	51.2	13.0	21.2	4.3	12.7	Aug 2012	Mar 2014	Sep 2012	419.5	Oct 30, 2051	No. 21
Sub-total		1,323.1	261.6	766.2	157.0	138.2				5,729.8		
Yunnan Province												
Dali Wuzhou International Trade City (大理五洲國際商貿城)												
Phase I		121.7	—	50.9	8.9	61.9	Sep 2012	Dec 2013	Aug 2013	509.0	Oct 12, 2050	No. 11
Phase II	100.0%	88.4	—	26.5	—	61.9	Sep 2012	Dec 2013	Aug 2013			
		33.3	—	24.4	8.9	—	Sep 2012	Dec 2013	Oct 2012			
Sub-total		121.7	—	50.9	8.9	61.9				509.0		
Chongqing Municipality												
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)												
Phase I	94.0%	193.4	20.1	173.3	—	—	Aug 2011	Dec 2013	Sep 2011	672.1	Jul 28, 2051 and Nov 23, 2061	No. 10
Sub-total		193.4	20.1	173.3	—	—				672.1		
Zhejiang Province												
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)												
	100.0%	76.6	17.0	41.9	—	17.8	Mar 2011	Dec 2013	May 2013	1,179.2	Sep 25, 2050	No. 13
Sub-total		76.6	17.0	41.9	—	17.8				1,179.2		
Shandong Province												
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)												
	95.0%	22.3	—	22.3	—	—	Feb 2013	Dec 2014	Mar 2013	73.4	Nov 29, 2051	No. 25
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城 (福山))												
	95.0%	55.7	—	27.0	28.7	—	Oct 2012	Dec 2013	Dec 2012	212.6	Jun 21, 2052	No. 24
Leling Wuzhou International Ornamental City (萊陵五洲國際裝飾城)												
	51.0%	38.2	0.5	37.1	0.6	—	May 2012	June 2013	Sep 2012	48.3	Jan 12, 2052	No. 22
Sub-total		116.2	0.5	86.4	29.3	—				334.3		
Hubei Province												
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)												
	100.0%	217.1	2.4	132.3	82.4	—	Jul 2012	Sep 2013	Sep 2012	708.1	Jun 29, 2052	No. 23
Sub-total		217.1	2.4	132.3	82.4	—				708.1		
Total		2,048.1	301.6	1,251.0	277.6	217.9				9,132.5		

BUSINESS

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

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

BUSINESS

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

BUSINESS

Projects planned for future development

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

Project name	Group's interest (%)	Estimated total GFA ⁽⁶⁾ ('000 sq.m.)	Estimated construction commencement date	Estimated construction completion date	Actual/estimated pre-sale commencement date	Estimated non-saleable GFA ('000 sq.m.)	Estimated saleable GFA ⁽⁶⁾ ('000 sq.m.)	Development costs incurred	Land acquisition costs incurred	Construction costs incurred	Estimated development costs to be incurred	Land acquisition costs to be incurred	Estimated construction costs to be incurred	Attributable capital value	Expiration date of land use rights	Ref. to Property Valuation Report
Jiangsu Province																
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)	100.0%	21.4	Jul 2013	Mar 2014	Aug 2013	—	21.4	27.4	27.4	—	66.7	—	66.7	27.6	Jun 22, 2043	No. 33
Phase V Hall F	100.0%	21.4	Jul 2013	Mar 2014	Aug 2013	—	21.4	27.4	27.4	—	66.7	—	66.7	27.6	Jun 22, 2043	No. 33
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)	100.0%	239.4	Oct 2013	Jul 2017	Jun 2014	43.0	196.5	50.9	50.9	—	720.7	—	720.7	438.2	Jan 14, 2048	No. 36
Product Exhibition Hall BD Multi-use Building	100.0%	239.4	Oct 2013	Jul 2017	Jun 2014	43.0	196.5	50.9	50.9	—	720.7	—	720.7	438.2	Jan 14, 2048	No. 36
Huajian Wuzhou International Plaza (淮安五洲國際廣場)	100.0%	91.3	Sep 2013	Oct 2015	Feb 2014	13.0	78.3	96.2	96.2	—	239.3	—	239.3	100.0	May 4, 2050 and May 4, 2080	No. 28
Phase II	100.0%	91.3	Sep 2013	Oct 2015	Feb 2014	13.0	78.3	96.2	96.2	—	239.3	—	239.3	100.0	May 4, 2050 and May 4, 2080	No. 28
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)	100.0%	114.1	Aug 2013	Sep 2015	Nov 2013	20.4	93.8	22.7	22.7	—	309.8	—	309.8	139.7	Jan 30, 2052	No. 26
Phase II	100.0%	114.1	Aug 2013	Sep 2015	Nov 2013	20.4	93.8	22.7	22.7	—	309.8	—	309.8	139.7	Jan 30, 2052	No. 26
Jianhu China Green Light Exposition City (建湖中國綠色照明博覽園)	100.0%	94.2	Jun 2013	Oct 2014	Sep 2013	—	94.2	5.9	5.9	—	249.2	—	249.2	25.5	Oct 17, 2052	No. 32
Phase II	100.0%	94.2	Jun 2013	Oct 2014	Sep 2013	—	94.2	5.9	5.9	—	249.2	—	249.2	25.5	Oct 17, 2052	No. 32
Sheyang Wuzhou International Plaza (射陽五洲國際廣場)	100.0%	479.7	May 2013	May 2016	Jun 2013	46.3	433.4	27.7	27.7	—	1,283.2	39.4	1,243.8	111.0	Apr 16, 2083	No. 31
Jiangyin Wuzhou International Plaza (江陰五洲國際廣場)	90.0%	262.8	Apr 2013	Apr 2015	Apr 2013	46.4	216.4	153.7	153.7	—	721.0	—	721.0	433.4	Sep 27, 2052	No. 35
Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)	100.0%	127.7	Jun 2013	Mar 2016	Aug 2013	18.9	108.8	20.7	20.7	—	428.6	85.8	342.8	108.0	Apr 24, 2053 and Apr 24, 2083	No. 38
Wuzhou International Automobile Exhibition City (五洲國際汽車博覽城)	75.0%	430.3	Jun 2013	Aug 2015	Jul 2013	83.6	346.7	66.0	66.0	—	1,266.0	201.4	1,064.6	195.0	Apr 24, 2083	No. 39
Sub-total		1,860.9				271.6	1,589.5	471.2	471.2	—	5,284.5	326.6	4,957.9	1,578.4		
Yunnan Province																
Dali Wuzhou International Trade City (大理五洲國際商貿城)	100.0%	941.7	Jul 2013	Jun 2019	Mar 2014	—	941.7	147.6	147.6	—	1,840.7	—	1,840.7	1,450.4	Oct 12, 2050	No. 34
Phase III	100.0%	941.7	Jul 2013	Jun 2019	Mar 2014	—	941.7	147.6	147.6	—	1,840.7	—	1,840.7	1,450.4	Oct 12, 2050	No. 34
Baoshan Wuzhou International Plaza (保山五洲國際廣場)	80.0%	209.3	Jun 2013	Aug 2016	Oct 2013	22.4	186.9	20.5	20.5	—	642.9	84.2	558.7	81.2	(6)	No. 40
Sub-total		1,151.0				22.4	1,128.6	168.1	168.1	—	2,483.6	84.2	2,399.4	81.2	(6)	No. 40

BUSINESS

Project name	Group's total interest (%)	Estimated total GFA ^(a) ('000 sq.m.)	Estimated construction commencement date	Estimated construction completion date	Actual/estimated pre-sale commencement date	Estimated non-saleable GFA ('000 sq.m.)	Estimated saleable/leasable GFA ^(a) ('000 sq.m.)	Development costs incurred	Land acquisition costs incurred	Construction costs incurred	Estimated development costs to be incurred	Land acquisition costs to be incurred	Estimated construction costs to be incurred	Attributable capital value	Expiration date of land use rights	Ref. to Property Valuation Report
Chongqing Municipality																
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城)																
Phase II	94.0%	197.0	Aug 2013	Aug 2015	Oct 2013	—	197.0	29.3	29.3	—	491.7	—	491.7	127.7	Jul 28, 2051 and Nov 23, 2061	No. 27
Sub-total		197.0				—	197.0	29.3	29.3	—	491.7	—	491.7	127.7		
Shandong Province																
China Longkou Wuzhou International Trade City (中國龍口五洲國際商貿城)																
	95.0%	128.2	Aug 2013	Dec 2014	Oct 2013	32.2	96.0	36.8	36.8	—	331.6	—	331.6	62.9	Nov 29, 2051	No. 29
Leiling Wuzhou International Ornamental City (樂陵五洲國際裝飾城)																
	51.0%	413.7	Oct 2013	Feb 2015	Dec 2013	54.2	359.5	26.1	26.1	—	1,068.0	—	1,068.0	117.6	Jun 12, 2052	No. 30
Sub-total		541.9				86.4	455.5	62.9	62.9	—	1,399.6	—	1,399.6	180.5		
Hubei Province																
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)																
Phase II	100.0%	350.1	Jul 2013	Dec 2015	Nov 2013	53.1	297.0	34.4	34.4	—	768.7	—	768.7	433.8	Jun 29, 2052	No. 37
Sub-total		350.1				53.1	297.0	34.4	34.4	—	768.7	—	768.7	433.8		
Total		4,100.9				433.5	3,667.6	766.0	766.0	—	10,428.1	410.8	10,017.3	3,852.4		

BUSINESS

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

Completed projects

Property Type	Total GFA	Non-saleable GFA	GFA sold and delivered (’000 sq.m.)	GFA sold but not delivered	GFA held for sale	GFA held for lease
Specialized wholesale markets						
Commercial	614.5	7.4	448.8	73.1	20.6	64.7
Business apartment*	170.9	—	138.4	3.9	28.4	0.2
Office	11.2	—	—	11.2	—	—
Underground	54.3	54.3	—	—	—	—
Total	850.9	61.7	587.2	88.2	49.0	64.9
Multi-functional commercial complex						
Commercial	114.3	1.6	70.9	1.5	3.5	37.0
Business apartment*	67.3	—	40.5	22.2	4.5	—
Office	29.2	—	23.7	0.3	5.2	—
Underground	90.8	62.1	—	—	—	28.7
Department store	23.8	—	—	—	14.5	9.2
Total	325.4	63.7	135.1	24.0	27.7	74.9
Total						
Commercial	728.8	9.0	519.7	74.5	24.0	101.7
Business apartment*	238.2	—	178.9	26.2	32.9	0.2
Office	40.4	—	23.7	11.5	5.2	—
Underground	145.1	116.4	—	—	—	28.7
Department store	23.8	—	—	—	14.5	9.2
Total	1,176.3	125.4	722.3	112.2	76.7	139.8

BUSINESS

Projects under development

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

BUSINESS

Projects planned for future development

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

Projects with MOUs signed

<u>Project name</u>	<u>Group's interest (%)</u>	<u>Site area ('000 sq.m.)</u>	<u>Estimated total GFA⁽⁶⁾ ('000 sq.m.)</u>	<u>Deposits Paid as of February 28, 2013^{***} (RMB in millions)</u>
China Longkou Wuzhou International Trade City	95.0%	256.5	641.3	—
Yantai Wuzhou International Industrial Exhibition City (Fushan)**	95.0%	—	—	1.0
Shenyang Wuzhou International Industrial Exhibition City	100.0%	100.0	224.0	70.0
Project Zibo**	100.0%	—	—	30.0
Project Guanlin**	100.0%	—	—	10.0
Project Luoyang	51.0%	133.3	400.0	8.0
Project Nantong (Tongzhou)**	75.0%	—	—	—
Project Harbin**	100.0%	—	—	10.0
Project Jilin (Changyi)**	100.0%	—	—	3.0
Jianhu China Green Light Exposition City**	100.0%	—	—	—
Leiling Wuzhou International Ornamental City**	51.0%	—	—	—
Project Laiwu**	100.0%	—	—	—
Project Xinghua	100.0%	66.7	66.7	—
Project Chongqing (Yongchuan)**	100.0%	—	—	—
Rongchang Wuzhou Hardware Ornamental City	94.0%	133.3	160.0	—
Jiangyin Wuzhou International Plaza**	90.0%	—	—	50.0
Total		689.8	1,492.0	182.0

Notes:

- * "Business apartments" refers to the apartments built on the land designated for commercial use, with land use rights for a term of 40 to 50 years, to provide convenient and accessible residential options to people working at the commercial projects. Our PRC legal adviser, Global Law Office, has confirmed that such business apartments for residential purpose being built on land designated for commercial use are in compliance with the relevant PRC laws and regulations.
- ** The site area and estimated GFA of this project will be subject to further written agreement between the parties.
- *** The deposits will be refunded to us if we fail to acquire land use rights through public tenders, auctions and listings-for-sale.
- (1) "GFA of completed projects" is based on figures provided in the Survey Report (測繪報告).
- (2) "GFA of projects under development" is based on figures provided in the construction work commencement permit, the construction work planning permit, or based on our internal records.
- (3) The following information is based on our internal records and estimates:
 - (a) figures for "GFA sold and delivered", "GFA sold but not delivered", "non-saleable GFA", and "GFA held for lease" of completed projects,
 - (b) figures for "estimated total GFA" and "GFA held for lease" of projects under development,
 - (c) figures for "estimated total GFA" and "estimated GFA held for lease" of projects planned for future development, and
 - (d) Non-saleable GFA represents GFA for car parks, storage warehouses, equipment rooms, civil defense, ancillary municipal infrastructure and other underground space that is not included in the plot ratio. Non-saleable GFA does not include underground retail space held for lease.
- (4) "GFA pre-sold" is based on our internal records.
- (5) Land use rights grant contract with the local state-owned land bureau was entered into on November 22, 2012 and the land use rights certificate has not been obtained.
- (6) Land use rights grant contract with the local state-owned land bureau was entered into on January 31, 2013 and the land use rights certificate has not been obtained.

BUSINESS

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

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

Note:

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

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

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

BUSINESS

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

BUSINESS

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

BUSINESS

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

Project Description

Jiangsu Province

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



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

BUSINESS

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

The project comprises five phases. We have completed the construction of the first three phases with a total GFA of 287,718.0 sq.m. We have begun construction of Phase IV with an estimated GFA of 104,270.0 sq.m. and expect to complete the construction by December 2013. Phase V of this project is planned for future development with an estimated total GFA of 21,363.0 sq.m. We plan to commence the construction in July 2013, and expect to complete the construction by March 2014.

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

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered	GFA sold but not delivered	GFA held for sale	GFA held for lease	Development costs incurred
Phase I (Commercial)	Dec 2005	Sep 2008	Jan 2006	114.9	0.2	97.4	—	2.2	15.2	
Sub-total				114.9	0.2	97.4	—	2.2	15.2	338.9
Phase II (Commercial)	Nov 2007	Aug 2010	Dec 2007	98.7	3.2	74.7	0.1	—	20.7	
Phase II (Business apartment)	Sep 2009	Aug 2010	Nov 2009	14.5	—	14.3	—	—	0.2	
Phase II (Underground)	Nov 2007	Aug 2010	—	13.9	13.9	—	—	—	—	
Sub-total				127.1	17.1	89.0	0.1	—	20.9	381.1
Phase III (Commercial)	May 2010	Dec 2011	Sep 2010	36.4	1.9	33.1	0.0	0.0	1.3	
Phase III (Underground)	May 2010	Dec 2011	—	9.3	9.3	—	—	—	—	
Sub-total				45.7	11.2	33.1	0.0	0.0	1.3	176.7
Total				287.7	28.5	219.6	0.1	2.2	37.4	896.7

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

Project Phases (Planned for future development)	Estimated construction commencement date	Estimated construction completion date	Estimated pre-sale commencement date	Estimated total GFA	Non-saleable GFA	GFA held for sale	Estimated development costs incurred (land premium)	Estimated development costs to be incurred
Phase V Hall F (Exhibition)	Jul 2013	Mar 2014	Aug 2013	21.4	—	21.4	27.4	66.7

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

BUSINESS

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



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

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

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

BUSINESS

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

Project Phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered		GFA held for sale	GFA held for lease	Development costs incurred
						('000 sq.m.)				
Phase I (Commercial)	Jul 2008	Dec 2009	Jul 2008	100.5	1.2	89.3	0.1	0.3	9.6	
Phase I (Business apartment)	Feb 2009	Oct 2010	Jun 2009	34.9	—	33.2	0.2	1.5	—	
Phase I (Underground)	Feb 2009	Oct 2010	—	12.1	12.1	—	—	—	—	
Sub-total				147.5	13.3	122.5	0.3	1.8	9.6	568.2
Phase I Product Exhibition Hall A (Business apartment)	Feb 2011	Dec 2012	Sep 2011	26.9	—	23.3	3.4	0.2	—	
Phase I Product Exhibition Hall A (Commercial)	Feb 2011	Dec 2012	Sep 2011	35.9	—	10.6	0.8	6.6	17.9	
Phase I Product Exhibition Hall A (Underground)	Feb 2011	Dec 2012	—	11.8	11.8	—	—	—	—	
Sub-total				74.6	11.8	33.9	4.2	6.8	17.9	275.6
Phase II (Commercial)	Nov 2009	Mar 2012	Nov 2009	89.5	—	84.5	1.2	3.9	—	
Phase II (Business apartment)	Aug 2010	Mar 2012	Dec 2010	39.6	—	38.7	0.3	0.5	—	
Phase II (Underground)	Aug 2010	Mar 2012	—	7.2	7.2	—	—	—	—	
Sub-total				136.3	7.2	123.2	1.5	4.4	—	517.4
Total				358.4	32.3	279.6	6.0	13.0	27.5	1,361.2

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

BUSINESS

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

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

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



BUSINESS

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

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

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

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

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

BUSINESS

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



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

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

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

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

BUSINESS

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

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

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



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

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

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

BUSINESS

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

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

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

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



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

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

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

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

BUSINESS

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

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

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

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

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

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

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

Note:

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

BUSINESS

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

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

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

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

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

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

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

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

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

BUSINESS

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

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

Yunnan Province

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



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

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

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

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

BUSINESS

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

Project phases (Completed)	Construction commencement date	Construction completion date	Pre-sale commencement date	Total GFA	Non-saleable GFA	GFA sold and delivered		GFA held for sale	GFA held for lease	Development costs incurred
						('000 sq.m.)				
Phase I (Commercial)	Jun 2011	Jun 2012	Jul 2011	64.4	0.9	59.4	1.2	2.9	—	(RMB in millions)
Phase I (Business apartment)	Jun 2011	Jun 2012	Aug 2011	55.1	—	28.8	—	26.3	—	
Total				119.5	0.9	88.2	1.2	29.2	—	

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

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

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

Chongqing Municipality

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



BUSINESS

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

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

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

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

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

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

Zhejiang Province

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

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

BUSINESS

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

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

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

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

Shandong Province

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

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

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

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

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

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

BUSINESS

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

Hubei Province

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

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

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

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

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

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

BUSINESS

Projects Planned for Future Development

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

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

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

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

Jiangsu Province

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

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

BUSINESS

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

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

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

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

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

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

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

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

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

BUSINESS

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

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

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

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

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

Yunnan Province

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

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

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

BUSINESS

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

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

Projects with MOUs Signed

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

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

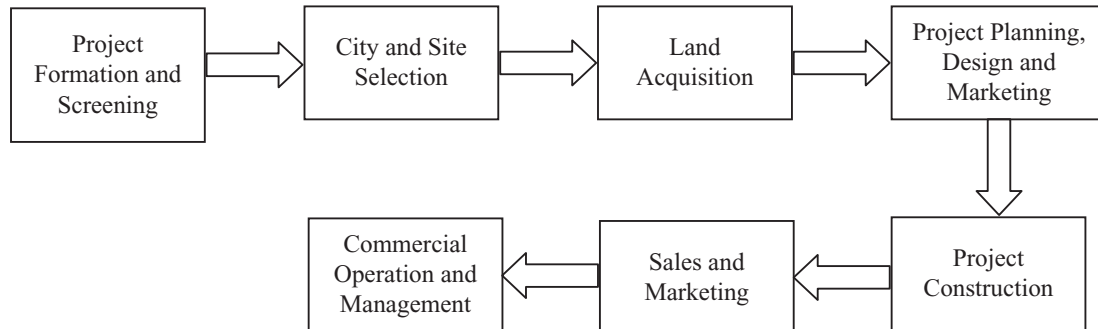
Additional land acquired after February 28, 2013

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

BUSINESS

PROJECT DEVELOPMENT PROCESS

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



Project Formation and Screening

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

City and Site Selection

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

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

BUSINESS

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

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

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

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

We do not set quantitative thresholds for any of these factors above which we believe is a common industry practice. Based on the above factors, we prepare a detailed feasibility study and market research to evaluate the funding requirements, land acquisition costs, construction budget, expected return and future prospects of the proposed site. If our feasibility study and market research indicate that the site demonstrates promising prospects and an acceptable risk profile, such study and research is offered to our Board and senior management team for their review and final approval. We then proceed with the land acquisition and project planning and design. We believe our site selection process helps us to select sites with the potential for capital appreciation and high rental income.

Land Acquisition

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

BUSINESS

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

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

Project Planning, Design and Marketing

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

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

In planning and designing our projects, we consider:

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

BUSINESS

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

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

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

Design fees paid to external design firms are calculated based on industry pricing guidelines and depend to a certain extent on our design specifications. Payment is made by installments according to the progress of the project, and the contract amount is settled after the project has passed the requisite completion acceptance inspections.

Project Construction

The construction of our projects is outsourced to independent construction companies, whom we carefully select and closely monitor and supervise to ensure the construction quality is consistent with our project planning and design specifications. Our project management department and planning and design department are responsible for formulating construction plans, setting quality standards, and providing technical support to the project companies during the construction periods. We also have a cost control department in charge of standardizing the selection of contractors, controlling construction costs, consolidating and optimizing supplier sources and attending to the tendering process and monitoring and supervising the quality of construction.

Selection of Contractors

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

Under our typical construction contracts, we are not responsible for preparatory construction work, including any resident relocation, utilities connection and road construction. The contractor is typically obligated to undertake the construction work in strict compliance with our designs and requirements and to provide progress reports on a regular basis, which enable us to closely monitor the construction progress. Our contractors are responsible for the construction quality and safety at construction sites. We also review the qualifications and performance of our construction contractors on an annual basis. Total contract value is generally determined on a fixed-price basis and may only

BUSINESS

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

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

Procurement of Materials

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

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

Quality Control

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

Construction Supervision

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

BUSINESS

supervision companies conduct quality and safety control checks on all building materials and workmanship on site. They also monitor the progress of construction, work site safety and construction completion schedules. In selecting construction supervision companies, we consider their reputation in the industry, past experience in construction supervision in particular previous dealings with our projects, and qualification and experience of key personnel designated for our project. Fees paid to the construction supervision companies are determined based on a negotiated percentage of the total construction cost of a project. We typically make monthly payments to the construction supervision company until 70% to 80% of the contract amount is paid. The remaining amount will be settled within three months after the project has passed the completion acceptance inspection.

Payment

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

During the Track Record Period, we did not experience any incident where the retention money was insufficient to cover the amount we had to pay to rectify the construction defects.

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

Sales and Marketing

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

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

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

BUSINESS

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

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

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

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

Pre-sales

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

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

BUSINESS

These mandatory conditions prohibit developers from pre-selling properties until substantial progress in project construction and capital expenditures has been achieved. Generally, local governments also require developers and property purchasers to use standard forms of sales contracts. Developers must file all sales contracts with local real estate and land administrative departments within 30 days of entering into such contracts.

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

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

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

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

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

Payment Arrangements

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

BUSINESS

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

Some of our customers purchase our properties with mortgage financing. In accordance with industry practice in China, we provide guarantees to banks in respect of the mortgage loans they are providing to the purchasers of our pre-sold properties. Under the guarantees, we are required to guarantee the timely repayment of the principal and interest amount of the loans by the purchasers. As a guarantor, we are jointly responsible for the payment of the mortgage loans. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers; and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our properties. We rely on the credit checks conducted by the mortgagee banks. As of December 31, 2010, 2011 and 2012, our outstanding guarantee deposits on mortgage loans of the purchasers of our properties amounted to RMB9.7 million, RMB7.5 million and RMB15.9 million, respectively. During the Track Record Period, we did not encounter any mortgage loan default with respect to which we were required by mortgagee banks to honor our obligations. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans for our customers and may become liable to mortgagee banks if our customers default on their mortgage loans”.

Delivery and After-sales Services

We endeavor to deliver our properties to our customers on a timely basis. The time frame for delivery is set out in the sales contracts entered into with our customers. To ensure timely delivery, we closely monitor the construction of our projects and conduct pre-delivery inspections. Once a project has passed the completion acceptance inspections and obtained the relevant completion acceptance certificate and other government certificates necessary for delivery, our customer service staff notifies our customers in respect of delivery. Generally, if we fail to deliver the properties to our customers within 60 days of the date of delivery stipulated in the sales contracts, we will be liable to pay a monetary penalty of 0.01% of the proceeds from the pre-sale per day. When we deliver the completed projects to our customers, we are also required to deliver the building quality guarantee certificate (非住宅商品房質量保證書). After delivery of completed projects, we are then required to assist our customers to obtain the property ownership certificates by providing all requisite information to the local titles office for registration.

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

Property Operation and Management

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

BUSINESS

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

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

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

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

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

BUSINESS

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

Project name	As of December 31,				As of February 28,			
	2010		2011		2012		2013	
	GFA of properties managed under exclusive operation and management agreements (sq.m.)	% of total GFA sold	Total GFA sold (sq.m.)	GFA of properties managed under exclusive operation and management agreements (sq.m.)	% of total GFA sold	Total GFA sold (sq.m.)	GFA of properties managed under exclusive operation and management agreements (sq.m.)	% of total GFA sold
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)								
Phase I	94,050.2	96.5%	97,427.8	94,050.2	96.5%	97,427.8	94,050.2	96.5%
Phase II	74,274.6	100.0%	74,411.3	74,411.3	100.0%	74,772.9	74,411.3	99.5%
Phase III	26,328.0	95.4%	27,601.8	32,501.7	98.0%	33,584.1	32,501.7	96.8%
Phase IV	—	—	—	663.3	100.0%	663.3	663.3	100.0%
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)								
Phase I	81,469.5	100.0%	81,469.5	89,435.5	100.0%	91,280.8	91,205.2	99.9%
Phase II	67,455.6	100.0%	67,455.6	79,521.4	99.8%	80,841.8	79,864.1	98.8%
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)								
Phase I	26,108.9	98.8%	26,421.2	26,150.1	98.8%	26,488.9	26,202.4	98.9%
Phase II	—	—	3,853.4	—	5,541.7	5,557.0	5,557.0	100.0%
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)								
Phase I	10,610.4	99.6%	10,654.0	11,033.1	99.2%	11,121.7	11,033.1	99.2%
Phase II	5,092.7	100.0%	5,092.7	5,958.4	100.0%	5,958.4	5,958.4	100.0%
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	—	—	—	11,030.5	96.8%	13,005.0	13,005.0	100%
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	—	—	—	8,983.8	100.0%	9,083.2	9,083.2	100.0%
Dali Wuzhou International Trade City (大理五洲國際商貿城)	—	—	—	46,051.3	84.8%	61,314.7	61,314.7	100.0%
Rongchang Wuzhou International Hardware Ornamental City (榮昌五洲五金裝飾城)	—	—	—	34,587.2	100.0%	34,587.2	34,587.2	100.0%
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	—	—	—	—	13,108.0	13,108.0	100.0%
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)	—	—	—	—	—	31,777.0	31,777.0	100.0%
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	—	—	—	4,293.6	100.0%	13,961.3	13,961.3	100.0%
Huainan Wuzhou International Plaza (淮安五洲國際廣場)	—	—	—	4,521.2	100.0%	12,084.7	12,084.7	100.0%
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城 (福山))	—	—	—	—	—	28,449.9	28,449.9	100.0%
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	—	—	—	—	—	70,804.3	70,804.3	100.0%
Total	385,389.9	97.8%	394,250.6	522,529.2	96.5%	647,148.0	644,683.5	99.0%

BUSINESS

Project Financing

We have financed our project developments primarily by loans from bank loans, loans from trust institutions and proceeds from property sales. During the Track Record Period and up to March 31, 2013, we entered into six loans with trust institutions, under which the equity interests in, or land use rights held by the borrowing companies are pledged to the trust institution as security for loans. The key terms of such loan agreements are generally similar to bank loans, although interest rates on these loans are typically two to 12 percentage points higher than rates on bank loans.

We intend to finance our projects under development and held for future planning with bank loans and other borrowings, internally generated funds and a portion of the proceeds from the Global Offering. As of December 31, 2012, most of our bank loans were secured primarily by our investment properties and projects under development. As of December 31, 2012, the carrying value of the assets pledged to secure bank loans was RMB4.1 billion. Please refer to the section headed “Financial Information — Indebtedness, Net Current Assets and Contingent Liabilities” for more details.

We also hold a 10% equity interest in Jiujiang Meijite Credit, a company engaged in providing loans in Lushan District of Jiujiang City. Please refer to section headed “Financial Information — Indebtedness, Net Current Assets and Contingent Liabilities — Available-For-Sale Investment” for more details.

CUSTOMERS AND SUPPLIERS

Customers

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

Suppliers/Contractors

Our contractors are responsible for procuring construction materials used in the construction of our projects, and we do not directly procure the materials for our projects. In 2010, 2011 and 2012, our five largest contractors in aggregate accounted for 49.5%, 23.6% and 26.7%, respectively, of our total purchases. None of our Directors, their respective associates or any shareholder who owns more than 5% of our issued capital, to the best knowledge of our Directors, had any interest in any of our five largest contractors during the Track Record Period.

INVESTMENT PROPERTIES

We usually hold a portion of the units in our projects as our investment properties for generating rental incomes. Our property investment objective is to achieve recurring rental income and long-term capital appreciation through increases in the value of our properties. We expect to realize our investment objective through developing, selling, managing and operating property projects in China. To achieve this objective, we carefully select our tenants or occupiers by reviewing their qualifications from a target pool. In addition, pursuant to agreements with owners of the units in our developments, we manage and control the leasing for our projects to promote operational consistency.

Our units in our specialized wholesale markets are primarily held for sale. The anchor stores in our multi-functional commercial complexes are primarily for investment purposes. We may gradually increase the proportion of the GFA we develop as investment properties, taking into account our cash flow situation and market conditions. Our completed investment properties as of the Latest Practicable Date were located at Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou

BUSINESS

International Chinese Food Culture Exposition City and Meicun Wuzhou International Plaza. As of February 28, 2013, we held an aggregate GFA of approximately 139,800.0 sq.m. as investment properties, representing 11.9% of our total GFA of completed projects. As we plan to increase our portfolio of investment properties, we expect revenue and profit contributions from investment properties to increase in the future.

The following table sets forth certain information of our investment properties by project phases during the Track Record Period:

Project Phase	Rents		GFA held for lease			Average monthly rent income ⁽¹⁾			
	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012	As of December 31, 2010	As of December 31, 2011	As of December 31, 2012	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012
	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB per sq.m.)	(RMB per sq.m.)	(RMB per sq.m.)
Wuxi Wuzhou International Ornamental City (Phase I)	7,061.0	7,078.0	6,949.0	14,668.9 ⁽²⁾	14,668.9 ⁽²⁾	15,155.0 ⁽²⁾	19.49 ⁽²⁾	21.86 ⁽²⁾	23.17 ⁽²⁾
Wuxi Wuzhou International Ornamental City (Phase II)	3,502.0	4,874.0	5,500.0	20,335.2	20,335.2	20,933.0	14.35	19.97	21.90
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	326.0	—	—	1,323.0	—	—	20.5
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	1,605.0	3,425.0	1,524.0	9,627.5 ⁽²⁾	9,627.5 ⁽²⁾	9,627.5 ⁽²⁾	2.73 ⁽²⁾	2.73 ⁽²⁾	3.64 ⁽²⁾
Wuxi Wuzhou International Columbus Plaza (Phase I)	—	8,900.0	8,896.0	—	28,181.7	28,181.7	—	26.32	26.31
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	1,537.0	—	—	8,757.0	—	—	21.9
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	1,439.0	—	—	9,512.0	—	—	12.6
Meicun Wuzhou International Plaza	—	—	4,578.0	—	—	9,874.0	—	—	77.3
Total	12,168.0	24,277.0	30,749.0	44,631.6	72,813.4	103,363.2			

Note:

(1) Calculated based on the number of months during which the underlying property was leased in the given period.

(2) Not including GFAs for temporary storage facilities.

BUSINESS

The following table sets forth a breakdown of leased GFA by expiry of lease term of our investment properties by project phase as of February 28, 2013:

<u>Project phase</u>	<u>2013</u>	<u>2014</u> (sq.m.)	<u>2015 and thereafter</u>
Wuxi Wuzhou International Ornamental City (Phase I)	12,420	952	—
Wuxi Wuzhou International Ornamental City (Phase II)	15,534	—	4,452
Wuxi Wuzhou International Ornamental City (Phase III)	—	1,101	—
Wuxi Wuzhou International Industrial Exhibition City	5,809	2,461	12,267
Wuxi Wuzhou International Columbus Plaza	554	1,536	37,005
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	9,515
Meicun Wuzhou International Plaza	—	—	20,740
Total	<u>34,317</u>	<u>6,050</u>	<u>83,979</u>

We do not expect any significant difficulties in renewing our existing leases or entering into new leases with suitable tenants for our investment properties.

As of the Latest Practicable Date, we had obtained all of the relevant building ownership certificates with respect to our investment properties in Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Chinese Food Culture Exposition City and Meicun Wuzhou International Plaza.

Tenants/Occupiers and Leases

We focus on maintaining long-term relationships with our anchor tenants and maintaining a good balance in tenant and occupier composition. We seek tenants and occupiers whom we believe will help us to promote the image of our investment properties. We take into account the following factors, among others, when selecting potential tenants and occupiers:

- reputation and general brand recognition within its sector;
- goods and services offered by such tenant or occupier;
- track record and past relationship with us; and
- potential level of lease payments.

Most of our multi-functional commercial complex leases have terms of three to eight years with fixed annual rents, rents based on the sales of the tenants or annual rents with fixed-percentage increases. Most of our specialized wholesale market leases have terms of one to three years with fixed rents. We typically require security deposits of six months' rent. For selected anchor tenants taking comparatively large areas in more than one of our multi-functional commercial complexes, or whose presence is expected to attract other tenants and occupiers, we may enter into long-term leases with them and offer them fixed rents. In addition, we may also offer our selected anchor tenants rent-free periods ranging from two to six months.

Rents are typically determined based on prevailing market rates, and rents payable by our retail tenants or occupiers include a turnover component. Under these leases, we charge the higher of the base rent and the turnover-based rent calculated in accordance with the sales of a particular tenant or occupier for that particular year. We typically offer such floating rent arrangement to tenants with well-established brands and/or reliable internal accounting systems. We charge fixed rents for other tenants. As of February 28, 2013, 71.45% of the GFA of our properties held for lease were under the

BUSINESS

leases with fixed rents. We also charge a service fee to assist our tenants and occupiers to conduct marketing and promotional activities. Tenants and occupiers are also required to pay their own utility charges. In 2010, 2011 and 2012, the rent income received from our investment properties amounted to RMB12.2 million, RMB24.3 million and RMB30.7 million, respectively.

Under the lease agreements we enter into with our tenants and occupiers, if our tenants or occupiers terminate the leases without cause before the expiry of the lease terms, we are entitled to retain their security deposits, and they are liable to pay us default penalties. Such default penalties are typically equivalent to six months' rent, but may vary depending on the term of the lease. In addition to default penalties, we may rely on other contractual remedies available to us to recover all losses we suffered exceeding the default penalty under the lease agreements as a result of the early termination by the tenants or occupiers.

Our top-five tenants consisted of both international and domestic brands. These top-five tenants accounted for 11.2%, 31.7% and 33.5% of the total rental income received from our investment properties in 2010, 2011 and 2012, respectively. All of our top-five tenants during the Track Record Period were independent third parties unrelated to us or our Controlling Shareholders.

BUSINESS

The following table sets forth the top-five tenants of our investment properties, including commercial complexes and specialized wholesale markets, in terms of GFA under lease agreements as of December 31, 2012.

<u>Ranking</u>	<u>Name</u>	<u>Industry</u>	<u>Lease term</u>	<u>Type of rent</u>	<u>Rent-free period</u>	<u>Termination by the lessee</u>
1	RT-Mart	Supermarket	May 2013 — April 2033	a fixed percentage of sales revenue	60 days	The lessee may terminate the lease if the lessee's operation suspends for 60 days due to our cause or the design or the construction of the property fails to meet the lessee's requirement.
2	Carrefour	Supermarket	September 2009 — September 2029	a fixed percentage of sales revenue	none	Either party may terminate this lease if (i) the other party fails to perform its duty for over three months due to force majeure; (ii) the other party is bankrupted or liquidated or its business license is revoked; (iii) the leased property is ordered by the government to be demolished; and (iv) any law, regulation or government order renders the performance of this lease commercially impractical.
3	CR Sugo	Supermarket	January 2013 — December 2032	fixed rent rate with an annual increment of 4% since fourth year	none	The lessee may terminate the lease if we fail to deliver the property to the lessee within 60 days after the designated date or to deliver the required documents to the lessee within 60 days after the delivery of property.
4	Kingbaby	Retail	January 2013 — December 2022	fixed rent rate with an annual increment since fifth year	six months in each of first two years	The lessee may terminate this lease upon written notice to us if (i) the lessee is unable to exclusively occupy and use the leased property due to our cause which is not cured within 30 days after the lessee's notice; or (ii) the lessee is unable to use the leased property due to building quality problems which is not cured within 45 days after the lessee's notice.
5	Osgo Cinema	Cinema	October 2012 — September 2027	the higher of guaranteed minimum rent and certain percentage of annual box office	six months	The lessee may terminate the lease if its operation suspends for 15 days due to our cause.

BUSINESS

As of the Latest Practicable Date, none of our major tenants/occupiers had defaulted on their rental payments, terminated their lease agreements with us prior to the expiry of the lease terms or were in breach of the lease agreements in any material respect. To our best knowledge, we are not aware of any circumstances that may lead to a default in rental payment or early termination of lease agreements in relation to any of our major tenants/occupiers.

Strategic Cooperation

We focus on maintaining and enhancing the positioning of our projects by establishing long-term strategic cooperation with domestic and international brands across a wide spectrum of sectors. As of the Latest Practicable Date, we had entered into lease agreements with more than 6,000 customers. Many of these brands, including Yaohan Supermarket, Wanda Cinemas, FlyHigh SuperPlayer and Kidswant, have become our anchor tenants in our specialized wholesale markets and multi-functional commercial complexes.

We entered into a strategic cooperation agreement with Wanda Cinemas in October 2011. This strategic cooperation agreement has a term of five years and provides for the basic framework of cooperation between the parties. In particular, this strategic cooperation agreement allows us to use Wanda Cinemas' brand and logo in our marketing activities and in return we allow Wanda Cinemas to enjoy a rent-free period ranging from three to six months under future lease agreements. The agreement may be amended or terminated with mutual consent if there are any changes to PRC laws or regulations that would render the agreement invalid. Global Law Office, our PRC legal adviser, is of the opinion that such strategic cooperation agreement is legally binding under PRC laws. We intend to enter into similar strategic cooperation agreements with some of our other anchor tenants to allow us to use the brands and logos of our anchor tenants for marketing purposes. We believe the inclusion of those well-known and highly visible brands as anchor tenants in our developments will assist us to further build up our brand image and enhance the attractiveness of our projects.

VALUATION METHODS

Savills, an independent property valuer, prepared a valuation report of our properties as of February 28, 2013, which is included as Appendix III to this prospectus. All of our properties are valued by Savills on a market value basis:

- Our properties held for sale are valued using the direct comparison approach with reference to comparable transactions in the relevant markets, assuming the properties are vacant and in their existing conditions at the time of sale;
- Our properties under development and planned for future development are valued (i) on the basis that they will be developed and completed in accordance with the latest development proposals, or (ii) using the direct comparison approach, assuming the properties are vacant at the time of sale. For properties valued based on development proposals, Savills assumed that all consents, approvals and licenses from relevant government authorities required for the development proposals had been obtained without onerous conditions or delays. Savills adopted the direct comparison approach with reference to comparable transactions in the relevant markets and took into account the construction costs incurred and costs expected to be incurred to complete the developments and achieve the quality of completed developments;
- Investment properties are valued with reference to comparable transactions and, where appropriate, on the basis of the capitalization of the expected net income estimated by us, with allowance for reversionary income potential of the properties. This valuation method is adopted according to the existing market parameters such as existing rental rates, current market rental rates and market yields. No projections on rental rates and occupancy rates were used;

BUSINESS

- Savills did not assign any value to properties that we intend to purchase, mainly due to the lack of legal titles to the properties; and
- Savills did not assign any value to properties leased by us, due to the short-term nature of the leases, prohibitions against assignment or sub-letting or the lack of substantial profit-making rental rates.

COMPETITION

We compete with other real estate developers and operators of large-scale multi-functional commercial complexes and/or specialized wholesale markets in a number of areas including product quality, service quality, price, financial resources, brand recognition, land reserves, transportation, government tax and other incentives. We face significant competition from other developers and operators of specialized wholesale markets and multi-functional commercial complexes in China, including Dalian Wanda Commercial Properties Co., Ltd., Golden Eagle Group Limited, China South City Holdings Limited and Zhejiang China Commodities City Group Co., Ltd. These competitors may have better track records, greater financial, managerial and other resources, larger sales networks and higher brand recognition than we do.

For specialized wholesale markets, we face significant competition from developers that develop and operate industrial materials wholesale markets in China, primarily in the Yangtze River Delta Area, the Greater Pearl River Delta region and the Bohai Rim region. In addition, there may be an increase in the number of industrial materials wholesale markets in the Yangtze River Delta Area and elsewhere in China in the future.

For multi-functional commercial complexes, we face significant competition from integrated corporate real estate developers in China. Such competitors may develop multi-functional commercial complexes that offer more amenities, convenience and attractions than Wuxi Wuzhou International Columbus Plaza, Wuxi Wuzhou International Chinese Food Culture Exposition City or Meicun Wuzhou International Plaza. As the overall economy grows further in China, the need for multi-functional commercial complexes in various cities in China is expected to increase, and the competition for multi-functional commercial complexes is also expected to increase.

We believe that we have established a leading position in Wuxi, Jiangsu Province and gained comparative advantages over our competitors in Jiangsu Province where we successfully developed our earlier property projects, received high recognition and have in-depth market knowledge. However, in the regions where we have no prior property development experience, we compete on the basis of our brand name and strategic cooperation with our anchor tenants. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We face significant competition from other commercial property developers in China”.

INTELLECTUAL PROPERTY RIGHTS

We have registered a number of trademarks, including “WZ”, “WZIOC”, “WZIOC-WZ”, “WOZ”, “WZI-五洲” and “五洲” with the PRC Trademark Office under a number of categories including property development, construction, property lease, real estate agency and hotels. As of the Latest Practicable Date, we had (i) registered 43 trademarks in the PRC and (ii) applied for the registration of 12 trademarks in the PRC. We have also registered seven domain names, including our company’s website. We do not believe that we have suffered any infringement of our intellectual property rights by any third parties or violated any intellectual property rights of third parties during the Track Record Period. For further details of the relevant trademarks and domain names, please refer to the section headed “Statutory and General Information” in Appendix VII to this prospectus.

BUSINESS

INSURANCE

We carry public liability insurance for property damages. We currently have all-risk insurance with respect to our investment properties and completed properties held for sale in Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Columbus Plaza and Yangjian Wuzhou International Plaza covering all losses or damages we may suffer, other than certain types of losses and damages that are currently uninsurable in China, such as losses arising from earthquake, war, civil disorder and certain other events of force majeure. In respect of our projects under development over which our lending banks have security interests, we obtained insurance coverage in accordance with the requirements of the loan documents.

Under the contracts we enter into with our construction contractors, the construction contractors are responsible for quality and safety controls during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have a set of standards and specifications for the construction workers to follow during the construction process. We engage certified construction supervision companies to oversee the construction process. Under PRC laws, owners and construction contractors of properties under construction bear civil liabilities for personal injuries arising out of the construction work unless the owners or construction contractors are able to prove that they were not at fault. Since we have taken a number of reasonable steps to prevent construction accidents and personal injuries, we believe that we will be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us. We may re-evaluate the risk profile of the property markets and adjust our insurance practice from time to time. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We have limited insurance to cover our potential losses and claims”.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental and safety laws and regulations promulgated by both the central and local governments, including the Environmental Protection Law 《中華人民共和國環境保護法》, the Prevention and Control of Noise Pollution Law 《中華人民共和國環境噪聲污染防治法》, the Environmental Impact Assessment Law 《中華人民共和國環境影響評價法》 and the Administrative Regulations on Environmental Protection for Development Projects 《建設項目環境保護管理條例》. Pursuant to these laws and regulations, we are required to submit an environmental impact assessment report to the relevant government authorities for approval before beginning construction. We are also required to undertake an environmental assessment for each project we develop. Such measures must be incorporated into the course of construction. Upon completion of the project, we are required to apply for an inspection and acceptance for environmental protection of the completed projects. Only those projects that have been inspected and accepted may go into operation or be available for use.

We are committed to complying with relevant PRC laws and regulations on environmental protection and safety. We engage construction contractors with good environmental protection and safety track records. When entering into construction contracts with them, we require that they strictly comply with all current PRC environmental protection and safety laws and regulations, including laws and regulations regarding construction materials, construction methods and pollution. In addition, we closely monitor the project at every stage to ensure the construction process is in compliance with relevant laws and regulations and require our construction contractors to immediately remedy any default or non-compliance. We believe our environmental protection measures are in line with industry practice.

All of our completed projects and projects under development have received the material environmental approvals. Upon completion of each property project, the relevant PRC government authorities will also inspect the property site to ensure that we have complied with the applicable

BUSINESS

environmental and safety standards. During the Track Record Period, we were in compliance, in all material respects, with PRC environmental and safety laws and regulations and did not experience any material environmental pollution incident, and no penalties were imposed on us for violation of environmental laws and regulations. Therefore, we believe that we are in compliance with PRC environmental and safety regulations, and did not have any non-compliance during the Track Record Period. Please also refer to the section headed “Risk Factors — Risks Relating to Our Business — We may be subject to liability for environmental problems, which could result in losses”.

In relation to workplace safety around construction sites, we require our construction contractors to purchase accident insurance according to applicable laws and regulations to cover their workers and adopt effective occupational safety control measures, such as providing workers with necessary protective equipment and offering them regular medical examinations and workplace safety training. During the Track Record Period, we did not encounter any material safety accident.

EMPLOYMENT

As of the Latest Practicable Date, we had a total of approximately 2,464 employees. The following table sets forth the number of our employees for each of our areas of operations and as a percentage of our total employees as of the Latest Practicable Date:

<u>Department</u>	<u>Number of employees</u>	<u>Percentage of total employees</u>
Project planning and design	143	5.8%
Sales and marketing	355	14.4%
Property management	1,176	47.7%
Administration*	790	32.1%
Total	2,464	100%

Note:

* of the administrative staff, 26.5% are human resources personnel, 28.1% are construction supervision and cost management personnel, 17.2% are finance personnel and the remaining 28.2% are general management personnel.

We believe we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations. As required by PRC law and regulations, including the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and its implementation regulations, the Labor Law of the PRC (《中華人民共和國勞動法》) and Opinions on Several Questions concerning the implementation of the Labor Law of the PRC (《關於貫徹執行〈中華人民共和國勞動法〉若干問題的意見》), we are required to enter into a written employment contract with each employee and may not rescind the employment contract without cause. We are also required to have health and safety policies and provide health and safety training to our employees. We provide our employees with a safe and hygienic working environment as well as any protective equipment if necessary.

Pursuant to the Social Insurance Law of the PRC China Marketing Academy, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), the regulations implementing the Social Insurance Law (《中國人民共和國社會保險法》) and Certain Provisions concerning the implementation of the Social Insurance Law (《實施〈中華人民共和國社會保險法〉若干規定》), the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》), Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees (《國務院關於管理建立統一的企業職工基本養老保險制度的決定》), the Provisional Insurance Measures for Maternity of Enterprise Employees (《企業職工生育保險試行辦法》), Regulations on the Management of Housing Provident Fund (《住房公基金管理條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Regulations on Industrial Injury Insurance (《工傷保險條例》), we are required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment

BUSINESS

insurance, personal injury insurance and deposit housing provident fund for our employees and pay the relevant insurance premiums according to law. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance and housing provident fund. As of December 31, 2010, 2011 and 2012, we contributed RMB7.1 million, RMB15.7 million and RMB20.6 million for employee benefits, respectively.

COMPLIANCE WITH RELEVANT PRC REGULATIONS AND REQUIREMENTS

During the Track Record Period, save as disclosed in this Prospectus, we were in compliance, in all material respects, with PRC legal regulations and requirements applicable to us. In addition, as of the Latest Practicable Date, we had passed the annual review process from the State Administration of Industry and Commerce, and no material penalty for non-compliance with any laws or regulations had been imposed on us.

During the Track Record Period, save as disclosed in this Prospectus, we have obtained all material permits, licences, registrations and certifications from appropriate regulatory authorities for its business operation in the PRC. During the Track Record Period, save as disclosed in this Prospectus, we were able to renew all of our qualification certificates on a timely basis. As of the Latest Practicable Date, we had established internal procedures to comply with the requirements of the requisite approvals, permits, licenses and certificates by requiring all our operating departments and project companies to strictly adhere to the relevant conditions imposed by government authorities. As of the Latest Practicable Date, we had registered with the relevant PRC authorities our lease agreements with our anchor tenants.

The following table sets forth our non-compliance incidents and the measures we have adopted to prevent recurrence of non-compliance incidents in the future:

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>Xuyi Wuzhou, Wuxi Wuzhou Ornament City, Jianhu Wuzhou and Wuxi Longxiang performed real estate development activities while their real estate development certificates had expired and were under renewal.</p>	<p>We applied for the renewal of the certificates approximately one month before the expiry dates. However, due to an unexpected procedural change initiated at the government side without notification in advance, the renewal process took longer than expected.</p>	<ul style="list-style-type: none"> The relevant government authorities may require us to rectify such non-compliance within a prescribed period and impose a fine of between RMB50,000 and RMB100,000 for each non-compliance incident. Our PRC legal adviser, Global Law Office, has advised us it is unlikely that any of the four subsidiaries will be subject to fines or other penalties for such non-compliance. 	<ul style="list-style-type: none"> The renewal applications have been approved and all of the four subsidiaries have obtained the real estate development certificates. On December 21, 2012, Xuyi Wuzhou obtained a written confirmation issued by the Housing and Urban-Rural Development Bureau of Xuyi, confirming that Xuyi Wuzhou is permitted to continue to be engaged in real estate development business during the process of renewing its real estate development certificate. Our PRC legal adviser, Global Law Office, is of the opinion that this PRC government entity has the requisite authority to provide such confirmation under relevant PRC laws and such confirmation will unlikely be challenged by higher authorities. In addition, on December 20, 2012, Wuxi Wuzhou Ornament City, Jianhu Wuzhou and Wuxi Longxiang also applied for similar confirmations with the Wuxi Development Bureau, the Housing and Urban-Rural Development Bureau of Jianhu and the Wuxi Development Bureau, respectively, and received oral confirmations that they may continue to be engaged in real estate development business during the process of renewal or upgrade. Those authorities are unable to provide written confirmations due to a lack of internal approval procedures for issuing written confirmations. Our PRC legal adviser, Global Law Office, is of the opinion that such PRC government entities are the competent authorities to provide such confirmations under relevant PRC laws, and such oral confirmations are a reliable basis upon which to assess the potential liabilities of the Company taking into consideration that (i) renewal applications have been approved and Wuxi Wuzhou Ornament City, Jianhu Wuzhou and Wuxi Longxiang have obtained the real estate development certificates; and (ii) Wuxi Wuzhou Ornament City, Jianhu Wuzhou and Wuxi Longxiang have not been challenged by any authority as to their continuous operations during the process of renewing their real estate development certificates. In response to such non-compliances, we have adopted the following preventive measures: (i) specifically designating the responsibilities to our administrative information center to supervise project companies and ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of development of its projects as well as to remind and ensure those regulatory documents are renewed before their expiry; (ii) adopting an internal control policy that prohibits our project companies from developing projects without obtaining all required certificates, permits and other regulatory approvals; and (iii) keeping communication with relevant regulatory authorities to understand recent updates on the requirements of application or renewal of relevant certificates, permits and approvals. 	<p>Our Directors are of the view that it is unlikely that we will be subject to any fines by the relevant government authority for conducting real estate development activities while we were renewing our certificates. Accordingly, we believe there will not be any material negative impact on our operations or financial condition.</p>

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
Dali Wuzhou Property Management provided property management services for Dali Wuzhou International Trade City that exceeded the GFA limit indicated in its property management certificate.	Dali Wuzhou Property Management proactively communicated with the relevant local government authority in advance and completed the registration with the relevant local government authority of its property management services to be provided for Dali Wuzhou International Trade City, even though the actual GFA of this project exceeded the approved GFA indicated in its property management certificate. Due to a lack of legal knowledge and experience, the manager of Dali Wuzhou Property	<ul style="list-style-type: none"> The relevant government authority may require us to rectify such non-compliance within a prescribed period and impose a fine of between RMB10,000 and RMB30,000. Our PRC legal adviser, Global Law Office, has advised us that it is unlikely that Dali Wuzhou Property Management will be subject to fines or other penalties for such non-compliance. 	<ul style="list-style-type: none"> We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. We are proactively communicating with the Housing and Urban-Rural Development Bureau of Dali regarding the progress of our rectification efforts and have obtained a written confirmation dated December 19, 2012 confirming that we will not be liable for such non-compliance before the relevant property management certificate for qualification upgrade is obtained. Our PRC legal adviser, Global Law Office, is of the opinion that the Housing and Urban-Rural Development Bureau of Dali has the requisite authority to provide such confirmation under relevant PRC laws and such confirmation will unlikely to be challenged by higher authorities. Dali Wuzhou Property Management is in the process of transferring its property management services for Dali Wuzhou International Trade City to a third-party property management service provider which is expected to be completed by the end of June 2013. Our administrative information center registers and monitors the status of the permits, qualifications, licenses and approvals for all of our projects and supervising our project companies to ensure necessary permits, qualifications, licenses and approvals under the applicable PRC laws for our operations are obtained and in effect. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>Our Directors are of the view that it is unlikely that we will be ordered to suspend our property management services or be subject to any fines by the relevant government authority. Accordingly, we believe there will not be any material negative impact on our operations or financial condition.</p>

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
	<p>Management misunderstood that the registration would constitute a sufficient approval for providing property management services, and Daili Wuzhou Property Management thus inadvertently provided property management services accordingly.</p>			
<p>Xiangyang Wuzhou International Exhibition City was under development without the required fire safety permit.</p>	<p>Due to the failure of the project manager of this project to fully adhere to our internal policies, we did not apply for the fire safety permit before the commencement of the development.</p>	<ul style="list-style-type: none"> The relevant government authority may order us to cease construction and impose a fine of between RMB30,000 and RMB300,000. Our PRC legal adviser, Global Law Office, has advised us that it is unlikely that we will be subject to fines or other penalties for such non-compliance. 	<ul style="list-style-type: none"> The required fire safety permit has been obtained. We also have obtained a written confirmation dated January 29, 2013 from Xiangyang Fire Department confirming that we will not be liable for such non-compliance during the period before we obtain the fire safety permit. Our PRC legal adviser, Global Law Office, is of the opinion that such authority is the competent authority in confirming these matters. Since this incident, we have adopted the following preventive measures: (i) specifically designating the responsibilities to our administrative information center to supervise project companies and ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of development of its projects; and (ii) adopting an internal control policy that prohibits our project companies from developing projects without obtaining all required certificates, permits and other regulatory approvals. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>Our Directors are of the view that it is unlikely that we will be ordered to suspend our real estate development activities or be subject to any fines by the relevant government authorities. Accordingly, we believe there will not be any material negative impact on our operations or financial condition.</p>

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>On November 15, 2011, there was a land-collapsing accident at the construction site of our Hangzhou Wuzhou International Plaza which did not cause any casualty. On March 13, 2012, an object fell from the construction site of our Hangzhou Wuzhou International Plaza and caused two casualties.</p>	<p>Due to the deficiencies in the manager of Hangzhou Longan in determining the scope of permissible sub-contracting in this case, the project was improperly subcontracted to the sub-contractor when the land-collapsing accidents occurred.</p>	<ul style="list-style-type: none"> Global Law Office, our PRC legal adviser, is of the view that we are not directly liable for any damages caused by the accident occurred in November 2011. For the accident that occurred in March 2012, while we were not directly liable for the casualties in the accident, we were imposed a fine of RMB293,688, or 0.5% of the total contract value, by the Housing and Urban-Rural Development Bureau of Xihu District of Hangzhou for breaching the relevant laws and regulations under the Construction Law and Regulations on Construction Quality Management which prohibits the assignment of different parts of construction to different contractors. The fine has been fully paid. 	<ul style="list-style-type: none"> In May 2012, we established the supervision and audit center to be in charge of implementing and monitoring internal control measures in relation to construction contractor bidding, entering into construction contracts and making payments. The supervision and audit center conducts special audits of project companies periodically. In January 2013, the supervision and audit center conducted a special audit of Hangzhou Longan, and concluded that the prior non-compliance was rectified and the internal control measures had been implemented effectively. Although it is our contractors' responsibility to ensure that construction procedures are in compliance with relevant laws and regulations, we conduct frequent site inspections through our trained and qualified engineers to monitor construction progress and provide on-site supervision over major construction procedures. We will instruct contractors to rectify issues identified during our site inspections and conduct follow-up inspection to ensure such issues have been rectified within a designated period. The non-compliance records of contractors are also taken into consideration in our future selection of contractors to ensure that we engage qualified contractors with a good track record. We also engage independent certified construction supervision companies to conduct quality and safety control checks on all building materials and workmanship on site and monitor the progress of construction, work site safety and construction completion schedules. We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>Our Directors are of the view such non-compliance incidents have not resulted in any material negative impact on our operations or financial condition.</p>

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
		<ul style="list-style-type: none"> We obtained a written confirmation dated February 7, 2013 from the Housing and Urban-Rural Development Bureau of Xihu District of Hangzhou stating that it has completed its investigation into the two accidents and no further penalty will be imposed on us. The contractor is responsible for the civil liabilities in relation to two casualties which, to our knowledge, were settled on March 14, 2012 and March 16, 2012, and there have been no claims against us arising from these two accidents. 		

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>In 2011, Wuxi Wuzhou Ornament City commenced operations of a building located in Wuxi Wuzhou International Ornamental City prior to passing fire safety inspection.</p>	<p>The Wuxi Fire Department conducted a fire safety inspection on that building and Wuxi Wuzhou Ornament City failed to pass such inspection. As a result, Wuxi Wuzhou Ornament City was required to make necessary fire-safety-related improvements to the building. While Wuxi Wuzhou Ornament City immediately started to make fire-safety-related improvements to the building, due to the failure of the project manager of this project to fully adhere to our internal policies, Wuxi Wuzhou Ornament City commenced operations of the building before conducting a follow-up inspection.</p>	<p>We were imposed a fine of RMB30,000 by Wuxi Fire Department, which has been fully paid.</p>	<p>Wuxi Wuzhou Ornament City immediately made fire safety-related improvements to the building and passed the follow-up inspection.</p> <p>We have adopted the following measures to enhance our internal controls: (i) we have specifically designated the responsibilities to our administrative information center to ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of operations of our projects as well as to remind and, ensure that those regulatory documents are renewed before their expiry; and (ii) we have adopted an internal control policy that prohibits our project companies from operating projects without obtaining all required certificates, permits and other regulatory approvals.</p> <p>We also provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings.</p> <p>In July 2012, the supervision and audit center conducted a special audit of Wuxi Wuzhou Ornament City, and concluded that the prior non-compliance was rectified and the internal control measures had been implemented effectively.</p>	<p>Our Directors are of the view such non-compliance incident has not resulted in any material negative impact on our operations or financial condition.</p>

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>In 2009, Wuxi Wuzhou Ornament City advertised for one of its tenants on various newspapers. The contents of some of such advertisements were determined by the Wuxi Industry and Commerce Bureau to be misleading.</p>	<p>The manager of Wuxi Wuzhou Ornament City was inexperienced and did not carefully examine the contents of such advertisements, which were provided by that tenant.</p>	<p>The Wuxi Industry and Commerce Bureau determined that the contents of some of such advertisements Wuxi Wuzhou Ornament City made for one of its tenants were misleading according to the Product Advertising Law and imposed a fine of RMB28,000 on Wuxi Wuzhou Ornament City, which has been fully paid.</p>	<ul style="list-style-type: none"> We have adopted the following measures to enhance our internal controls: (i) we conducted a face-to-face consultation session with the relevant government authority to better understand applicable regulations; (ii) we have conducted internal training to our employees so that our employees are familiar with relevant laws and regulations related to advertisements; (iii) our designated staff members are responsible for reviewing contracts to ensure that they would not result in any breach of PRC laws; and (iv) we require our advertising agents to provide a copy of their business licenses and relevant qualification certificates, which are to be reviewed by our legal department before we enter into agreements with them. There has been no repeat of such incidents relating to advertising. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>Our Directors are of the view such non-compliance incident has not resulted in any material negative impact on our operations or financial condition.</p>
<p>As of the Latest Practicable Date, we leased 6 properties which were not registered with the relevant government authority.</p>	<p>The non-compliance was primarily due to the lack of legal knowledge of our regional staff in lease matters.</p>	<p>Our PRC legal adviser, Global Law Office, has advised us that under relevant PRC laws and regulations, an executed lease must be registered and filed with the relevant government authority. However, a lack of registration will not affect the validity and enforceability of the lease agreements. Under PRC laws, a fine ranging from RMB1,000 to RMB10,000 may be imposed on the parties to a lease for failing to register the lease.</p>	<ul style="list-style-type: none"> We are in the process of registration of these leases with relevant government authority. We have adopted the following measures to enhance our internal controls: (i) we require all landlords to register the lease within a period of time after the lease agreements are entered into; (ii) our designated staff members regularly check the registration status of lease agreements and follow up with the landlord if a lease agreement has not been timely registered; and (iii) we provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>Our Directors are of the view that such non-compliance will not have any material impact on our business based on the following reasons: (i) the GFA of each non-compliant property is insignificant and of no operational importance, which can readily be replaced; (ii) the properties are mainly used as our offices, staff dormitories and cafeteria, which are not directly related to our business operations; and (iii) if we were required to terminate such leases and relocate</p>

BUSINESS

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>In 2007, we offered purchasers of Wuzhou Ornamental City (Phase I) an option to sell back the properties to us at fixed repurchase prices during a one-month period starting from the fifth anniversary of the delivery date of the property. In 2012, all options to sell back the properties to us had lapsed and none of the purchasers had exercised the option.</p>	<p>Due to the lack of experience and legal knowledge of the management, we entered into a number of sales contracts with return clauses in order to attract potential purchasers and enhance their confidence.</p>	<ul style="list-style-type: none"> Global Law Office, our PRC legal adviser, is of the opinion that the sales contracts with return clauses that we entered into before the Track Record Period may be considered as prohibited selling activities, as property developers are not permitted to sell self-developed properties with return clauses under PRC laws. Global Law Office has advised us that the maximum amount of fines that may be imposed on us for such sales contracts with return clauses would not exceed RMB30,000. 	<ul style="list-style-type: none"> We obtained a compliance certificate dated October 31, 2012 from the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City confirming that it would not impose any penalties in relation to such non-compliance. Global Law Office is of the opinion that the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City is the competent authority in confirming our compliance status in this regard. We have adopted a policy prohibiting entering into any arrangements with an option to sell back the properties to us. We provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of their compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>to alternative premises, it will not have any material negative impact on our business operations or financial condition.</p> <p>Our Directors are of the view that such non-compliance will not have any material negative impact on our operations or financial condition based on Global Law Office's advice that the maximum amount of any fines would not exceed RMB30,000 and on the written confirmation from the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City.</p>

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>During the Track Record Period, Wuxi Wuzhou Ornament City and Wuxi Zhongnan leased out temporary storage facilities that were built by us without the required construction permits.</p> <p>During the Track Record Period, our total income generated from the leases of such temporary storage facilities amounted to RMB18.1 million.</p>	<p>The non-compliance was primarily due to the lack of legal knowledge of the manager of the relevant project company.</p>	<ul style="list-style-type: none"> Global Law Office, our PRC legal adviser, has advised us that it is unlikely that any income generated will be confiscated or any penalty will be imposed on us. 	<ul style="list-style-type: none"> Such temporary storage facilities have been removed in November 2010 and June 2012 and none of the leases is in effect any longer. We obtained from the Planning Bureau of Huishan District of Wuxi City and the Planning, Construction and Environmental Protection Bureau of New District of Wuxi City compliance certificates dated February 26, 2013 and February 28, 2013, confirming that they will not impose any penalties on us in relation to such non-compliance. Since this incident, we have adopted the following preventive measures: (i) adopting an internal control policy that prohibits project companies from commencing construction without obtaining all required certificates, permits and other regulatory approvals; and (ii) providing training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors and plan to regularly cover compliance-related issues and conduct training in our future board meetings. 	<p>Our Directors are of the view that such non-compliance will not have any material negative impact on our operations or financial condition.</p>
<p>During the Track Record Period, our advances to independent third party non-financial institutions amounted to RMB93.0 million, RMB5.3 million and RMB1.5 million, respectively, all of which were noninterest-bearing.</p>	<p>The advances to independent third party non-financial institutions were extended by us to satisfy temporary cash requirements of independent third parties, who are business acquaintances of the Controlling Shareholders. Our Directors confirmed that,</p>	<p>Global Law Offices, our PRC legal adviser, is of the opinion that these advances to or from non-financial institutions were invalid. However, we will not be subject to any penalty as all these advances were non-interest-bearing.</p>	<ul style="list-style-type: none"> All advances to independent third parties have been fully repaid. All advances from independent third parties have been fully repaid. All advances from non-controlling shareholders of subsidiaries, which are non-financial institutions, have been repaid from our internal funds. We have adopted a policy prohibiting providing advances to or receiving advances from non-financial institutions directly. Our designated finance staff members will review and approve all advance requests according to this policy to ensure all future advances from non-financial institutions will be in the form of entrusted loan, which is permitted under PRC laws and regulations. We provided training and published periodic notices and circulars to our employees to provide updates in respect of the relevant rules and regulations and to remind them of the compliance with relevant rules and regulations. To create the right tone at the top, 	<p>Our Directors are of the view that such non-compliances will not have any material negative impact on our operations or financial condition.</p>

Non-compliance incident	Reason	Legal consequences and potential maximum penalties	Remedies and preventive measures	Potential impact on our operations and financial condition
<p>During the Track Record Period, our advances received from independent third party non-financial institutions amounted to RMB1.5 million, RMB48.2 million and RMB19.5 million, respectively, all of which were noninterest-bearing.</p> <p>During the Track Record Period, our advances from non-controlling shareholders of subsidiaries, which are non-financial institutions, amounted to RMB64.9 million, RMB171.2 million and RMB172.0 million, respectively, all of which were noninterest-bearing.</p>	<p>other than these advances, we do not have any past or present business relationships with such independent third parties.</p> <p>The advances received from independent third party non-financial institutions were extended by independent third parties, who are business acquaintances of the Controlling Shareholders, to satisfy our temporary cash requirements. Our Directors confirmed that, other than these advances, we do not have any past or present business relationships with such independent third parties.</p> <p>These advances from non-controlling shareholders were extended by the minority shareholders of our subsidiaries in order to fund the development of projects by such subsidiaries.</p>	<p>our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings.</p>	<p>our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings.</p>	<p>our Directors periodically review and discuss major compliance-related issues, including whether we have adopted sufficient compliance measures and the implementation of these measures. In addition, we have conducted training for our Directors, and plan to regularly cover compliance-related issues and conduct training in our future board meetings.</p>

BUSINESS

In May 2012, our supervision and audit center was established to be in charge of implementing and monitoring internal control measures in relation to construction contractor bidding, entering into construction contracts and making payments. Please refer to the section headed “Directors, Senior Management and Employees – Senior Management” for the experience and qualification of Mr. Shen Xin, the current head of the supervision and audit center. The supervision and audit center conducts special audits of project companies periodically to monitor the implementation of the internal control measures in relation to construction contractor bidding, entering into construction contracts and making payments. The supervision and audit center also monitors and supervises the implementation of the internal control policies by our various departments. The supervision and audit center will issue written reports to relevant project company or department setting forth the inspection results and detailed instructions to rectify issues identified, if any. The supervision and audit center will also conduct follow-up inspection to ensure such issues have been rectified within a designated period. In addition, based on the seriousness of non-compliance incidents, the supervision and audit center may impose internal penalties, including written warning, fine, decrease in compensation, demotion and termination of employment contract, on employees responsible for such non-compliance incidents. In July 2012 and January 2013, the supervision and audit center conducted special audits of Wuxi Wuzhou Ornament City and Hangzhou Longan, respectively, and concluded that the prior non-compliances were rectified and the internal control measures had been implemented effectively.

Our administrative information center has been responsible for monitoring the status of the permits, qualifications, licenses and approvals for all of our projects and supervising our project companies to ensure necessary permits, qualifications, licenses and approvals under the applicable PRC laws for our operations are obtained and in effect. Our administrative information center will provide a two-month prior notice to the relevant project company to renew a permit, qualification, license or approval before its expiry. Our project companies are required to report to our administrative information center on the status of relevant permits, qualifications, licenses and approvals within three business days after their application, approval or renewal. Based on the reports provided by our project companies, our administrative information center registers and monitors the status of permits, qualifications, licenses and approvals for all of our projects to ensure that the relevant documents could be renewed before their expiry.

QUALIFICATIONS AND LICENSES

The following table sets out a list of major qualifications and licenses currently held by the Group:

<u>Entity</u>	<u>Name of the Certificate</u>	<u>Expiry Date</u>	<u>Status of Renewal</u>
Wuxi Wuzhou Ornament City	the Qualification Certificate for Property Development Enterprise	December 19, 2015	In effect
Hangzhou Longan	the Interim Qualification Certificate for Property Development Enterprise	December 31, 2013	In effect
Wuxi International Property	the Interim Qualification Certificate for Property Development Enterprise	August 3, 2013	In effect
Yancheng Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	March 16, 2014	In effect
Xuyi Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	February 28, 2014	In effect

BUSINESS

<u>Entity</u>	<u>Name of the Certificate</u>	<u>Expiry Date</u>	<u>Status of Renewal</u>
Rongchang Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	May 10, 2014	In effect
Wuxi Property Investment	the Interim Qualification Certificate for Property Development Enterprise	June 1, 2013	In effect
Wuxi Longsheng	the Interim Qualification Certificate for Property Development Enterprise	September 12, 2013	In effect
Dali Wuzhou	the Qualification Certificate for Property Development Enterprise	January 23, 2016	In effect
Dali Wuzhou Property Management	the Qualification of Property Management Enterprises	July 25, 2013	In effect
Wuxi Longan	the Qualification Certificate for Property Development Enterprise	October 29, 2013	In effect
Wuxi Longxiang	the Interim Qualification Certificate for Property Development Enterprise	March 19, 2014	In effect
Wuxi Zhongnan	the Qualification Certificate for Property Development Enterprise	August 15, 2014	In effect
Yantai Wuzhou Property	the Interim Qualification Certificate for Property Development Enterprise	November 30, 2013	In effect
Nantong Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	September 12, 2013	In effect
Jianhu Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	April 1, 2014	In effect
Wuxi Longteng	the Interim Qualification Certificate for Property Development Enterprise	May 22, 2013	Under renewal
Leling Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	September 30, 2013	In effect
Xiangyang Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	June 19, 2013	In effect
Jiangyin Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	December 24, 2013	In effect
Longkou Wuzhou	the Interim Qualification Certificate for Property Development Enterprise	September 30, 2013	In effect
Wuzhou Columbus Sheyang	the Interim Qualification Certificate for Property Development Enterprise	May 22, 2014	In effect

BUSINESS

LEGAL PROCEEDINGS

During the Track Record Period, we were involved in legal or other disputes in the ordinary course of our business, primarily claims relating to contract disputes with purchasers, contractors, tenants and occupiers of our properties. However, we have not incurred legal costs and expenses in connection with such proceedings that are significant in the context of our overall operating results. We are not aware of any other material legal proceedings or claims currently existing or pending against us or any such threatened claims. Our Directors confirm that we have no material claims outstanding with regard to guarantee deposits for mortgage loans provided to purchasers and contract disputes with purchasers, tenants and occupiers of our properties.

In September 2012, an individual filed a complaint in the High Court of Jiangsu Province against Wuxi Wuzhou Ornament City, claiming for a 7.29% equity interest in Wuxi Wuzhou Ornament City, as well as a dividend payment of approximately RMB15.7 million. The plaintiff, along with Shu Cecheng, Shu Cewan and two other individuals were the shareholders of Wuxi Jintai Property Investment Company Limited (無錫金泰置業投資有限公司). In November 2004, these five shareholders disposed of their shares of Wuxi Jintai Property Investment Company Limited at an aggregate consideration of RMB15.5 million. The plaintiff alleged that Shu Cecheng was appointed by the other four shareholders as their representative to invest their shares of the consideration, or RMB12.4 million, into Wuxi Wuzhou Ornament City. The plaintiff also alleged that he further invested RMB2.0 million into Wuxi Wuzhou Ornament City through Shu Cecheng, and his total investment amounted to RMB5.1 million, representing a 7.29% equity interest in Wuxi Wuzhou Ornament City. Thus he filed the complaint to claim his title and benefit.

Shu Cecheng confirmed that his investment in Wuxi Wuzhou Ornament City was funded by his own funds. All of the other three former shareholders of Wuxi Jintai Property Investment Company Limited confirmed that they retained their shares of the consideration (RMB9.9 million) and did not appoint Shu Cecheng as their representative to make the alleged investment.

On April 1, 2013, the High Court of Jiangsu Province issued a judgment dismissing the plaintiff's claims. On April 15, 2013, the plaintiff appealed to the PRC Supreme Court. We are in the process of disputing with the alleged claims and defending ourselves vigorously.

Jiangsu Jingyi Law Office, our legal adviser in relation to this legal proceeding, and Global Law Office, our PRC legal adviser, are of the opinion that these claims lack a legal basis. As such, our Directors are of the view that these claims would not have any material impact on our operations and financial condition. The Controlling Shareholders have given an indemnity in favor of the Company to indemnify the Group against all losses, liabilities and damage which may be suffered and all payments, costs and expenses which may be suffered, made or incurred arising out of, in relation to or in connection with this legal proceeding.

The alleged complaint is supported by, among others, an unauthorized confirmation made under our company seal in 2005. We did not authorize and we were not aware of the use of the seal, which our legal adviser, Jiangsu Jingyi Law Office, is submitting to the High Court of Jiangsu Province. In order to enhance our internal controls, in December 2010, we started to require all of our subsidiaries to implement seal keeping procedures. The seals of our subsidiaries are held securely by persons designated or approved by us in accordance with our internal procedures. In addition, a designated person having access to one type of seal is not permitted to have access to other types of seals which are to be used for other specific purposes. For example, designated persons having access to finance seals are not permitted to have access to invoice seals, human resource seals or contract seals. Prior to using seals, a designated person is required to sign a letter certifying his or her obligations and liabilities for misuse. If a seal is lost, stolen or damaged, the designated person is required to immediately report to the legal representative of the subsidiary and issue a public announcement. Since the adoption of these procedures, we are not aware of any misuse or misappropriation of our seals.

BUSINESS

On June 16, 2011, Daoxiang filed a claim against Wuxi Zhongnan in the People's Court of Jiangsu Wuxi Hi-tech Industrial District over a contract dispute regarding the payment terms of a construction contract. Daoxiang sought a payment of a construction service fee of RMB1,958,940.64 and accrued interest, and we claimed it to be RMB1,061,400.54 based on our record. A judgment was issued by the People's Court of Jiangsu Wuxi Hi-tech Industrial District on May 22, 2012 to pay Daoxiang a construction service fee of RMB1,061,400.54. Daoxiang appealed, and the final judgment was entered into by the Intermediate People's Court of Jiangsu Wuxi on December 5, 2012, under which Wuxi Zhongnan is required to pay Daoxiang a construction service fee of RMB1,061,400.54 and accrued interest. We made a provision of RMB1,400,000 for this dispute in 2011.

As of the Latest Practicable Date, we had not encountered any circumstances that have led or are expected to lead to material construction delays or received any material claims from our customers for our failure to complete any pre-sold properties on time, or received any material claims from our customers for our delay in the delivery of property ownership certificates. As of the Latest Practicable Date, Our Directors are not aware of any potential delay in construction which will materially affect the delivery of properties pre-sold or the pre-sale and sale of properties in our completed projects and projects under development in the next 12 months.

We were not subject to any penalty and/or land idle fee imposed by the PRC government for our failure to develop a project on a timely basis in accordance with the relevant land use rights grant contracts during the Track Record Period. As of the Latest Practicable Date, we did not have any land which was subject to reclamation by the PRC government.