You should read the following discussion of our results of operations and financial condition in conjunction with our consolidated financial information as of and for each of the three years ended December 31, 2010, 2011 and 2012, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRSs. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

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

We derive our revenue primarily from:

- ***Property sales***. We develop and sell specialized wholesale markets and multi-functional commercial complexes, providing us with immediate access to capital from property sales to fund our capital expenditures.

- ***Property investment***. We own and lease out certain properties that we have developed, which provide us with long-term returns through on-going recurring rental income and capital appreciation.

- ***Project operation and management***. We provide operation and management services, which we usually provide under 10 to 20 year exclusive operation and management agreements with most of our property purchasers, allowing us to receive income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years and then 8% to 10% of the rental value for the remaining years.

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

- ***Completed projects***. We have completed eight project phases with a total GFA of approximately 1.2 million sq.m., including four specialized wholesale markets, Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城), Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城), Dali Wuzhou International Trade City (大理五洲國際商貿城) and Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城), and four multi-functional commercial complexes, Wuxi Wuzhou International Columbus Plaza

(無錫五洲國際哥倫布廣場), Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城), Meicun Wuzhou International Plaza (梅村五洲國際廣場) and Yangjian Wuzhou International Plaza (羊尖五洲國際廣場).

- ***Projects under development***. We have 17 project phases under development in Wuxi (無錫), Chongqing (重慶), Hangzhou (杭州), Nantong (南通), Yancheng (鹽城), Dali (大理), Jianhu (建湖), Xuyi (盱眙), Leling (樂陵) and Xiangyang (襄陽) with a total planned GFA of approximately 2.0 million sq.m., including approximately 0.9 million sq.m., or 45.0%, reserved for specialized wholesale markets and approximately 1.1 million sq.m., or 55.0%, reserved for multi-functional commercial complexes.

- ***Projects planned for future development***. We have 15 project phases planned for future development in 12 cities, with a total estimated GFA of approximately 4.1 million sq.m., including approximately 2.9 million sq.m., or 70.7%, reserved for specialized wholesale markets and 1.2 million sq.m., or 29.3%, reserved for multi-functional commercial complexes.

In 2010, 2011 and 2012, our revenue amounted to RMB875.8 million, RMB1,515.8 million and RMB2,253.2 million, respectively. Our profit after tax in 2010, 2011 and 2012 amounted to RMB289.7 million, RMB373.3 million and RMB753.9 million, respectively.

BASIS OF PRESENTATION

We underwent the Reorganization in anticipation of the Global Offering. We account for the Reorganization using merger accounting, since (i) our Reorganization involved companies under common control and (ii) our company and combined subsidiaries resulting from the Reorganization are regarded as a continuing group. As such, our financial statements present our results of operations, cash flows and financial position as if our current group structure had been in existence since the later of (i) the date of the relevant entity's establishment or acquisition and (ii) January 1, 2009. All intra-group transaction balances have been eliminated on combination.

In accordance with IFRSs, we have prepared our consolidated financial statements under the historical cost convention, as modified by the revaluation of investment properties and equity investments at their fair values.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We derive our revenue primarily from the sale of properties and renting our investment properties. During the Track Record Period, our results of operations have been most significantly affected by the following factors:

- Economic growth in the Yangtze River Delta Area and other areas in China;
- GFAs, selling prices and rental rates of our properties;
- Proportion of properties held for sale;
- Fair value of our investment properties;
- Availability, suitability and cost of land;
- Local and national real estate regulation; and
- Access to and cost of financing.

Economic Growth in the Yangtze River Delta Area and other areas in China

Economic growth in China has increased the demand for industrial products and consumer products, and the corresponding demand for properties, including specialized wholesale markets and multi-functional commercial complexes. From 2005 to 2012, China's GDP grew at a CAGR of approximately 15.9%, and Jiangsu Province's GDP grew at a CAGR of approximately 16.5%. During the Track Record Period, we have experienced growing demand for our properties and increasing rental income and property values. Our business has benefited and is expected to continue to benefit from the rapid economic growth in China, the accelerating urbanization process, the significant growth in demand for consumer products in the Yangtze River Delta Area, as well as the PRC government's recent initiatives to increase domestic consumption.

Our continued growth depends on the growth of China's small and medium-sized enterprises. We market our properties to the increasingly visible small and medium-sized enterprises in fast-growing cities that have established an increasing presence in China. According to the Ministry of Industry and Information Technology (工業和信息化部), 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%. We also target wealthy residents in urban and rural areas in China.

Our continued growth also depends on economic growth in China, particularly in the Yangtze River Delta Area, where a substantial portion of our operations is located and a substantial portion of our growth is expected to occur. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects". We are also especially sensitive to changes in the economic conditions, consumer confidence, consumer spending, and customer preferences of the urban Chinese population.

Any economic downturn in China, particularly in the regions where we operate, could adversely affect our business, results of operations and financial position. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — Our business and revenue growth depend on favorable economic conditions in China, especially in the Yangtze River Delta Area, where a substantial portion of our operations is located".

GFAs, Selling Prices and Rental Rates of Our Properties

Our results of operations may fluctuate significantly from period to period depending on the GFA delivered during the period. We recognize revenue from the sale of completed properties upon delivery to our customers. As the development and construction schedules of our projects are not spread evenly over time, our results of operations may differ significantly from time to time. If there is any delay in the delivery of our properties for any reason, many of which are beyond our control, our results of operations during the period could be materially and adversely affected. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — We may not be able to complete our projects under development, or commence or complete our properties planned for future development on time or within budget".

Our revenue and results of operations are also affected by the selling prices achieved during the pre-sale periods. Our average selling price per sq.m. in 2010, 2011 and 2012 was RMB7,172.5, RMB8,741.5 and RMB8,399.5, respectively. Our average selling prices per sq.m. are affected by a number of factors, including the project type, location and completion status of the overall development. For example, the average selling prices of our multi-functional commercial complexes are higher than those of specialized wholesale markets. Please refer to the section headed "Our Industry — Real Estate Market in the PRC". In addition, we usually command higher selling prices for units when the overall project moves closer to completion. The selling prices of our properties are also affected by factors beyond our control, including local supply and demand of commercial properties, local market values of commercial properties, competition, general economic conditions and other market conditions. The selling prices of our properties were not materially affected by the austerity measures imposed by the PRC government during the Track Record Period as those measures are primarily targeting the residential property market. For example, we started the pre-sale of Phases I, II and III of our Chinese Food Culture Exposition City in December 2009, August 2010 and June 2012, respectively, and achieved average selling price per sq.m. of RMB19,103, RMB20,307 and RMB22,186, respectively. Similarly, we started the pre-sale of the Phases I and II of Dali Wuzhou International Trade City in July 2011 and October 2012, respectively, and achieved average selling price per sq.m. of RMB7,224 and RMB8,969, respectively.

Our revenue in any given period may vary significantly depending on the rental rates of our properties in our target markets. The rental rates of our properties are affected by a number of factors, including the overall attractiveness of our projects, local supply and demand of commercial properties and market rental rates of commercial properties in the local market.

Proportion of Properties Held for Sale

Although we have derived, and expect to continue to derive, a majority of our revenue from the sale of properties, we retain a certain portion of our properties as investment properties to enjoy the recurring rental income and/or capital appreciation. Currently, our units of specialized wholesale market are primarily held for sale, and our properties for anchor stores in our multi-functional commercial complexes are primarily investment properties. We may gradually increase the proportion of the GFA we develop as investment properties, taking into account our cash flow requirements and market conditions. As a result, the proportion of properties held for sale will be reduced accordingly and our revenue, cash flows and gross profit margin may be affected in a certain period.

Fair Value of Our Investment Properties

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at their fair values based on valuations performed by our independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. In 2010, 2011 and 2012, we had fair value gains on our investment properties of RMB37.7 million, RMB233.2 million and RMB577.5 million, respectively. These adjustments reflected unrealized capital gains on our investment properties as of the relevant reporting dates, and did not generate cash. We expect that the amount of valuation adjustments will continue to be significant, as a result of market fluctuations, and have a significant impact on our results of operations. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — The change in the fair value of our investment properties may have a significant impact on our results of operations."

Availability, Suitability and Cost of Land

Our growth depends on our ability to continuously identify and obtain suitable sites for future development projects at reasonable prices. We currently plan to build up sufficient land reserves to satisfy our development requirement for the next two or three years on a rolling basis. There is a limited supply of suitable land available for development in Wuxi and other regions we intend to expand to. Further, the costs of acquiring land use rights in many such regions have increased in recent years. Land acquisition costs have been one of the largest components of our cost of sales.

In 2010, 2011 and 2012, our land acquisition costs amounted to RMB121.0 million, RMB140.4 million and RMB227.6 million, respectively, representing 24.9%, 18.1% and 21.6% of our costs of sales, respectively. Changes in the price of land may significantly affect our results of operations and financial condition. We expect that competition for land reserves will continue to intensify and land acquisition costs will continue to rise, which will have a significant impact on our results of operations. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — We may not be able to identify suitable sites or obtain the land use rights for our development projects at reasonable prices, or at all".

Local and National Real Estate Regulation

Regulations and policies on real estate industry, including tax policies, land grant policies, pre-sale policies, interest rate and other macro-economic policies, have had and will continue to have a direct impact on our business and results of operations. The PRC government implemented a series of measures aimed at cooling the residential market in the past two years. While we focus on the commercial real estate market, which continues to grow steadily in spite of the PRC government's attempts to cool the residential market, the PRC government may implement policies that materially and adversely affect our business, results of operations and profitability. Please refer to the section headed "Risk Factors — Risks Relating to the PRC — Our operations are extensively regulated, and particularly sensitive to changes in policies related to the real estate industry in China". On February 26, 2013, the State Council General Office of the PRC promulgated the Notice on the Further Regulation and Control of the Real Estate Market (關於繼續做好房地產市場調控工作的通知), introducing five policy measures to control the real estate market. For more details on this notice, please refer to the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix V to this prospectus. We do not expect that such measures will have a material negative impact on our operations as they mainly target the residential property market, in particular the secondary residential property market.

In addition, we depend on cash flows from the pre-sale of properties for our property developments. In 2010, 2011 and 2012, our cash flows from pre-sales amounted to RMB1,239.0 million, RMB1,854.0 million and RMB2,579.1 million, respectively. If the PRC government abolishes the practice of pre-selling uncompleted properties or implements other restrictions on property pre-sales, our cash flow position will be significantly and adversely affected and we will be required to seek alternative sources of funding to finance our project developments.

Access to and Cost of Financing

Interest-bearing bank loans and other borrowings are important sources of funding for our property developments. As of December 31, 2010, 2011 and 2012, our outstanding bank loans and other borrowings amounted to RMB322.0 million, RMB1,223.3 million and RMB2,399.6 million, respectively. The effective interest rates of our bank loans and other borrowings in 2010, 2011 and 2012 were within the range of 5.67% to 7.04%, 6.75% to 16.00% and 6.55% to 16.80%, respectively. The interest rates of our bank loans and other borrowings are affected by the benchmark interest rates published by the PBOC, which are in turn affected by the general economic conditions in China and the PRC government's monetary policies. Therefore, any increase in the benchmark interest rates will increase the interest costs for our property developments. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property developments. Please refer to the section headed ''Risk Factors — Risks Relating to the Property Industry in the PRC —Our funding capability may be affected by PRC government actions and policies''.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies which involve subjective assumptions and estimates as well as complex judgments relating to certain accounting items. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial statements. The estimates and associated assumptions are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. Our significant accounting policies are set forth in detail in the Accountants' Report attached as Appendix I to this prospectus.

Revenue Recognition

Our revenue comprises income from the sale of properties, rental income, commercial management service income, property management service income and commissions from concessionaire sales after deduction of allowances for returns and trade discounts.

Revenue from the sale of properties is recognized (i) when the significant risks and rewards of ownership of the properties have been transferred to the purchasers; (ii) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties, is retained; (iii) the economic benefits will flow to us and (iv) the revenue and the cost incurred or to be incurred in relation to the transaction can be measured reliably. We consider that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the purchasers. Revenue from the sale of properties excludes business tax or allowances for returns, and is after the deduction of any trade discounts. Deposits and installments received in respect of properties sold prior to the date of revenue recognition are included in the statements of financial position under current liabilities.

Rental income is recognized in the period in which the investment properties are leased and on a time proportion basis over the lease term.

Commercial management service income is recognized over the period in which the services are rendered and the inflow of economic benefit is probable. We recognize commercial management service income and related service fees over the period in which the services are rendered. The amount of commercial management service income can be measured reliably after we have entered into the lease agreements with tenants, and confirmed the amount of rents and the payment terms, since the management service income represents a certain percentage of the rent. In addition, the inflow of economic benefit is only probable when we entered into lease agreements with tenants, and thus revenue is recognized accordingly.

Commissions from concessionaire sales are recognized upon the sale of goods by the relevant stores.

Other service income is recognized when the services are provided.

Properties under Development and Completed Properties Held for Sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Cost of properties comprises land acquisition costs, construction costs, capitalized interest and other costs directly attributable to such properties incurred during the development period. Cost of completed properties held for sale is determined by an apportionment of the total costs of the land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Investment Properties

Investment properties include both completed investment properties and investment properties under development. Completed investment properties are land and buildings held to earn rental income and/or for capital appreciation, but not for our own occupation or for sale in the ordinary course of business. Investment properties under development or development for future use as investment properties are classified as investment properties under development. Completed investment properties and investment properties under development are measured initially at cost and, subsequent to the initial recognition, they are stated at fair value, which reflects market conditions as of each reporting date. Any gain or loss arising from the retirement or disposal of our investment properties is recognized in our consolidated statements of comprehensive income in the period in which they arise.

Income Tax

Income tax for the year comprises current tax and deferred tax.

Current tax assets and liabilities are the expected tax receivable and tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, taking into account prevailing interpretations and practices. Current tax includes EIT and LAT.

According to the Provisional Regulations of the PRC on LAT (《土地增值稅暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations on LAT of the PRC (《土地增值稅暫行條例實施細則》), all income from the sale or transfer of state-owned land use rights on land, buildings and their attached facilities is subject to LAT.

LAT is levied on properties developed by property developers in the PRC for sale at progressive rates generally ranging from 30% to 60% of the appreciation in land value with certain exemptions. In lieu of progressive rates, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan and Dali Wuzhou were subject to an LAT of 3% to 8.34% of their revenue in accordance with "Wuxi Tax Circular (錫地稅函)" No. (2009) 46 and No. 1 (2010) 1 Announcement of Dali tax bureau. For real estate development companies in the PRC, EIT and LAT are pre-paid based on certain percentages of pre-sales proceeds. Pre-paid EIT and pre-paid LAT are deducted when the properties are delivered and revenue recognized.

Deferred tax is determined, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and tax losses can be utilized. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS

Revenue

We derived our revenue during the Track Record Period primarily from (i) the property development segment, generating income from the development and sale of properties; (ii) the property management and investment segment, generating income from providing operation and management services, and from investing in properties for rental income and/or capital appreciation; and (iii) the others segment, generating income from lending to customers and operating a department store.

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

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

Sale of Properties and Rental Income

We derive our revenue primarily from the sale of properties we developed. In 2010, 2011 and 2012, revenue from the sale of properties accounted for 93.1%, 91.0% and 94.4% of our total revenue, respectively.

Our average selling price per sq.m. in 2010, 2011 and 2012 was RMB7,172.5, RMB8,741.5 and RMB8,399.5, respectively. Our average selling price per sq.m. decreased from 2011 to 2012 primarily due to the delivery of units in Dali Wuzhou International Trade City in Yunnan Province, where property prices are generally lower than Jiangsu Province. The decrease was also because we recognized revenue from properties sold with return clauses in 2012, when the right to sell back the properties to us had lapsed, based on selling prices set in 2007 which were generally lower than those of subsequent sales. Our average selling price per sq.m. increased from 2010 to 2011 primarily because we commanded higher prices on a per sq.m. basis on units in Wuxi Wuzhou International Ornamental City (Phase III) and Wuxi Wuzhou International Industrial Exhibition City (Phase II) than those of units in Wuxi Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I), respectively. In addition, the average selling prices of our multi-functional commercial complexes, such as Wuxi Wuzhou International Chinese Food Culture Exposition City, are higher than those of specialized wholesale markets. The following table sets forth a breakdown of our revenue from the sale of properties by project type for the periods indicated:

	For the year ended December 31,								
	2010			2011			2012		
	GFA sold	Average selling price	Revenue	GFA sold	Average selling price	Revenue	GFA sold	Average selling price	Revenue
	(sq.m.)	(RMB/ sq.m.)	(RMB in thousands)	(sq.m.)	(RMB/ sq.m.)	(RMB in thousands)	(sq.m.)	(RMB/ sq.m.)	(RMB in thousands)
Specialized wholesale markets									
Wuxi Wuzhou International Ornamental City	33,468.5	7,707.9	257,972.4	65,284.6	8,405.0	548,715.0	36,097.9	5,313.3	191,798.5
Wuxi Wuzhou International Industrial Exhibition City	80,244.0	6,949.2	557,633.3	75,084.4	6,753.6	507,092.0	124,269.4	7,530.0	935,742.8
Dali Wuzhou International Trade City	—	—	—	—	—	—	58,919.6	6,037.6	355,733.0
Sub-total/Average	**113,712.5**	**7,172.5**	**815,605.7**	**140,369.0**	**7,521.7**	**1,055,807.0**	**219,286.9**	**6,764.1**	**1,483,274.3**
Multi-functional commercial complexes									
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	—	17,205.5	18,498.1	318,271.9	159.5	42,745.1	6,819.1
Wuxi Wuzhou International Columbus Plaza	—	—	—	302.8	19,846.2	6,009.0	9,283.7	21,039.2	195,322.8
Meicun Wuzhou International Plaza	—	—	—	—	—	—	15,228.8	23,042.5	350,910.1
Yangjian Wuzhou International Plaza	—	—	—	—	—	—	9,191.2	9,791.5	89,995.8
Sub-total/Average	—	—	—	**17,508.3**	**18,521.4**	**324,280.9**	**33,863.3**	**18,989.5**	**643,047.8**
Total/Average	**113,712.5**	**7,172.5**	**815,605.7**	**157,877.3**	**8,741.5**	**1,380,087.9**	**253,150.2**	**8,399.5**	**2,126,322.1**

In 2010, 2011 and 2012, revenue from rental income accounted for 1.4%, 1.6% and 1.4% of our total revenue, respectively. Our rental income increased primarily as a result of an increase in the GFA of our investment properties that was rented to our customers.

The following table sets forth a breakdown of our revenue from rental income by project for the periods indicated:

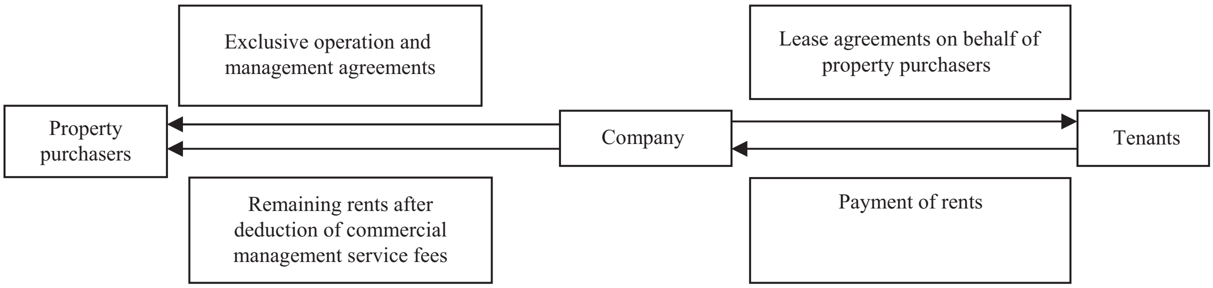
	For the year ended December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	7,061	7,078	6,949
Wuxi Wuzhou International Ornamental City (Phase II)	3,502	4,874	5,500
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	326
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	1,605	3,425	1,524
Wuxi Wuzhou International Columbus Plaza (Phase I)	—	8,900	8,896
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	1,537
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	1,439
Meicun Wuzhou International Plaza	—	—	4,578
Total	**12,168**	**24,277**	**30,749**

Commercial Management Service Income and Property Management Income

We generate commercial management service income from most purchasers of the retail units at our projects pursuant to our exclusive operation and management agreements. Under these agreements, which we enter into with the purchasers at the pre-sale stage, we typically receive commercial management service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years, which typically commence upon the opening for operation of the building where the property is located, and then 8% to 10% of the rental value for the remaining years. In practice, we collect rents directly from the tenants of the underlying properties, retain our commercial management service fees and remit the remainder, if any, to the purchasers. To attract tenants, we may offer selected tenants rent-free periods ranging from two to six months. We typically secure tenants for the vast majority of the purchasers prior to the commencement of the initial period. Since we charge commercial management service fees based on the rental value of the underlying properties, we will not be able to receive any commercial management service fees in the event we are unable to lease out the underlying properties. Global Law Office, our PRC legal adviser, is of the opinion that such exclusive operation and management agreements that are in effect are legally binding.

During the Track Record Period, we entered into exclusive operation and management agreements with approximately 8,088 purchasers of our properties. We entered into 10,223, 13,621 and 18,358 exclusive operation and management agreements with purchasers as of December 31, 2010, 2011 and 2012, respectively. As of February 28, 2013, 98.7% of the purchasers of our retail shops entered into exclusive operation and management agreements with us. We plan to enter into similar agreements with purchasers of our properties for future sales.

The following diagram summarizes the commercial arrangements under such exclusive operation and management agreements:



Benefits for purchasers to enter into exclusive operation and management agreements with us

We believe that exclusive operation and management arrangements are appealing to potential purchasers, in particular affluent individuals:

- by allowing them to enjoy the long-term returns from rental income after the initial period, without the hassle and expenses of identifying and dealing with tenants, taking into consideration limited investment channels available in China; and

- as demonstrated by our proven track record, by allowing them to enjoy increased capital appreciation because the exclusive operation and management arrangements enable us to effectively manage and control the leasing for our projects on behalf of the purchasers, professionally plan the layout of the properties and thus enhance the attractiveness and investment value of our projects.

In addition, if any purchasers decide not to enter into exclusive operation and management agreements with us at the time of purchasing the properties, they may not be able to enter into such agreements with us on similar terms or at all going forward.

According to Savills, exclusive operation and management arrangements are one of the common practices in retail property and wholesale market sectors, particularly those that are sold on a strata-title basis.

Services provided by us under exclusive operation and management agreements

Under the exclusive operation and management agreements, we manage and control the leasing of the retail shops, including negotiating and entering into lease agreements with third-party tenants on behalf of the purchasers. In addition, we provide a wide range of value-added services, including organizing trade exhibitions and seasonal sales events to promote sales, and providing billboard advertising space and logistics support to address the needs of our occupants.

Through centralized leasing and representing our purchasers in lease negotiations, we believe we are able to cost-effectively secure tenants, leveraging our commercial leasing experience and broad tenant base. The centralized leasing control allows us to adjust tenant mix and layout to optimize visitor experience, thereby increasing rental yield. In addition, by centralizing leasing control, we are able to consolidate the floor area from several retail units and lease out to tenants that require large space for their operations, which otherwise would not be possible for individual purchasers given their limited floor areas.

Based on the above, our exclusive operation and management arrangements have a proven track record of attracting broad support and recognition from purchasers of our properties.

Rationale for the two-tier commercial management service fee arrangement

For the initial period of our new projects,

- we utilize our commercial leasing experience and broad tenant base in dealing with tenants to cost-effectively identify and secure suitable tenants for the relevant properties;

- we centralize the management and control of the leasing for our projects to adjust tenant mix;

- we professionally plan the layout of the properties to optimize visitor experience; and

- we incur significant expenses in conducting advertising and promotional activities to enhance the attractiveness of the new projects and secure tenants.

During this period, we typically charge commercial management service fees equivalent to the entire rental value of the underlying properties in order for us to quickly and efficiently establish the profile, market position and reputation for the new projects. Rental value is calculated based on the actual rents to be paid by the tenants of the properties.

After the initial period, as we have successfully established the profile and reputation for a project through the early years of operations, costs and efforts required to maintain the occupancy rate of the project will be significantly reduced and the occupancy rates and rental rates will increase as compared to the initial period. Therefore, for the remaining years of the exclusive operation and management agreements, we typically charge 8% to 10% of the rental value of the underlying properties for our continuous commercial management services. However, the lease terms of the underlying properties during the initial periods are not materially different from those during the remaining periods.

As of December 31, 2012, due to the various operational stages of our projects, we charged commercial service income at reduced rates of 8% to 10% of the rental value of the underlying properties of Wuxi Wuzhou International Ornamental City (Phase I and II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I), and charged commercial service income equivalent to the entire rental value of all other properties under the exclusive operation and management agreements.

Other material terms of exclusive operation and management agreements

- Terms: 90.8% of these exclusive operation and management agreements have a term of 10 to 20 years.

- Termination: most of such exclusive operation and management agreements may be terminated by mutual consent. If any purchasers choose to terminate an exclusive operation and management agreement before its expiry, they will be required to pay us liquidated damages equal to 50% of the total rental value for the remaining term of the agreements and the remaining rental value shall be calculated at an annual rental rate equal to 8% of the original purchase price of the underlying property. For example, if a purchaser who has purchased a retail shop from us for a price of RMB10 million and entered into an exclusive operation and management agreement with us for a term of 20 years decides to terminate the exclusive operation and management agreement at the beginning of the eleventh year, we will be entitled to liquidated damages of RMB4 million. Any termination of the exclusive operation and management agreements will not affect the underlying lease agreements. During the Track Record Period, we did not experience any termination of the exclusive operation and management agreements.

- Transfer restrictions: during the term of the exclusive operation and management agreements, the purchasers are not allowed to sell the underlying properties unless the subsequent purchasers agree to enter into operation and management agreements with us to assume all obligations of the prior purchasers thereunder.

- The exclusive operation and management agreements do not provide for credit terms, indemnity, fee adjustments or penalty charges.

Purchasers of our properties are not obligated to enter into separate exclusive operation and management agreements with us and generally we do not offer any discount to purchasers of our properties as a result of their entering into exclusive operation and management agreements with us. The selling prices of the properties managed and operated by us were comparable to those sold to other purchasers who do not enter into exclusive operation and management agreements with us. We entered into the exclusive operation and management agreements with purchasers through arm's length negotiations.

Except as disclosed under "— Discussion of Certain Statement of Financial Position Items — Completed Properties Held for Sale", we have not entered into any exclusive operation and management agreements that allow the purchasers to sell back the properties to us.

The following table sets forth certain information of the leases of properties managed under the exclusive operation and management agreements:

Project Phase	Total amount of rent from third party tenants			GFA held for lease			Average monthly rent rate*			Average lease term with third party tenants
	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012	As of December 31, 2010	As of December 31, 2011	As of December 31, 2012	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2012	As of December 31, 2012
		(RMB in thousands)			(sq.m.)			(RMB per sq.m.)		(year)
Wuxi Wuzhou International Ornamental City (Phase I)	8,882.1	9,689.8	3,222.9	94,050.0	94,050.0	94,050.0	7.9	9.6	2.9	1.0
Wuxi Wuzhou International Ornamental City (Phase II)	17,395.7	20,663.2	13,068.0	74,375.0	74,411.0	74,411.0	19.5	23.1	14.6	2.4
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	10,866	12,632.0	11,001.0	81,470.0	81,504.0	81,563.0	11.1	12.9	11.2	1.7
Wuxi Wuzhou International Industrial Exhibition City (Phase I Exhibition Hall A)	—	—	1,635.0	—	—	11,466.0	—	—	47.5	3.0
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	2,528.9	10,494.0	11,203.0	79,864.0	79,864.0	79,864.0	10.6	10.9	11.7	3.0
Wuxi Wuzhou International Columbus Plaza (Phase I)	—	14,786.4	14,447.6	—	26,150.0	26,202.0	—	47.1	46.0	5.5
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	4,677.0	—	—	5,557.0	—	—	70.1	3.8
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	3,221.1	3,083.0	—	16,992.0	16,992.0	—	15.8	15.1	6.2
Meicun Wuzhou International Plaza	—	—	4,926.5	—	—	13,005.0	—	—	63.1	5.1
Dali Wuzhou International Trade City	—	—	1,026.0	—	—	63,430.0	—	—	16.2	3.1
Total	**39,672.7**	**71,486.6**	**68,290.0**	**329,759.0**	**372,971.0**	**466,540.0**				

Note:

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

We generate property management income by collecting property management service fees for providing general property management services, such as security, property maintenance, gardening and other ancillary services. Property management service fees are charged on a per sq.m. basis and may be adjusted from time to time at our discretion based on the rates charged by local operators. We waive property management service fees from some of our tenants and occupiers for the first year on a project-by-project basis after the project is open for operation.

The increases in commercial management service income from 2010 to 2011 and property management income from 2010 to 2012 were primarily due to an increase in the GFA of the properties operated and managed by us, as a result of an increase in sales of our properties. Our commercial management service income is also affected by the development stage of the projects as we typically receive commercial management service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years, compared to 8% to 10% of the rental value for the remaining years. For example, properties in Wuzhou International Ornamental City (Phase I) and Wuzhou International Ornamental City (Phase II) had been managed and operated by us for three years as of March 2010 and March 2012, respectively, after which we receive a reduced portion of the rental value for the remaining years of the exclusive operation and management agreements. In addition, we may not be able to generate significant commercial management service income in the year when the properties are delivered. For example, properties in Phases I and II of Wuxi Wuzhou International Chinese Food Culture Exposition City were delivered in 2011, for which we recognized revenue of RMB318.3 million in 2011. However, for commercial projects, there is a time lapse between property delivery and commencement of operations of a project. In this case, this project did not generate significant commercial management service income until late 2011 because (i) Phases I and II of this project commenced operations in May 2011 and September 2011, respectively, and (ii) commercial management service income was only generated after we entered into lease agreements with tenants and confirmed rental rates. The decrease in our commercial management service income from 2011 to 2012 was primarily because Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I) started to generate commercial management service income at reduced rates of 8% to 10% of the rental value of the underlying properties in 2012, as these projects had completed the initial period and we were no longer be entitled to receive the entire rental value from these projects.

In 2010, 2011 and 2012, our rental income, commercial management service income and property management income collectively amounted to RMB54.5 million, RMB103.7 million and RMB109.8 million, respectively.

Commissions from concessionaire sales and others

During the Track Record Period, we also generated a small portion of revenue from commissions from concessionaire sales by our Wuxi Longan department store, which commenced operations in October 2011, and income from the lending activities by Wuxi Small Credit. Such lending activities were suspended since the disposal of Wuxi Small Credit in March 2012. To focus on our core businesses, in February, 2012, we entered into agreements with Wuxi Wuzhou Investment, Shu Cezhang, our head of operations, and two independent third parties, Wuxi Quanyi Construction Materials Co., Ltd. (無錫市全意建材有限公司) and Wuxi Hongnuo Commerce Co., Ltd. (無錫宏諾商貿有限公司), to transfer our equity interest in Wuxi Small Credit for total cash consideration of RMB140.0 million. The transfer did not complete until March 2012 and, therefore, resulted in a one-time expense of RMB6.9 million, representing the difference between the consideration for the equity transfer and the carrying amount of our investment in Wuxi Small Credit at the date of disposal. After the completion of the equity transfer, Wuxi Small Credit continued to be engaged in the financing business for rural residents and, pursuant to the equity transfer agreement, we will not be held liable for any loss or liability incurred or to be incurred by Wuxi Small Credit. Global Law Office, our PRC legal adviser, has confirmed that the lending activities conducted through Wuxi Small Credit during the Track Record Period were in compliance with the relevant PRC laws and regulations, including the *Guidance Opinion on Small Credit Companies* (關於小額貸款公司試點的指導意見) issued by CBRC and

PBOC in 2008, *Circular on Certain Policies of Rural Banks, Credit Companies, Rural Fund Credit Unions and Small Credit Companies* (關於村鎮銀行、貸款公司、農村資金互助社、小額貸款公司有關政策的通知) issued by the CBRC and PBOC in 2008 and several circulars issued by the Jiangsu government.

Cost of Sales

Our cost of sales primarily includes costs incurred directly for our property development, including land acquisition costs, construction costs and capitalized interest. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	Amount	% of cost of sales	Amount	% of cost of sales	Amount	% of cost of sales
	(RMB in thousands, except percentages)					
Land acquisition costs	121,036.6	24.9	140,389.1	18.1	227,584.8	21.6
Specialized wholesale markets	121,036.6	24.9	100,414.2	12.9	121,223.1	11.5
Multi-functional commercial complexes	—	—	39,974.9	5.2	106,361.7	10.1
Construction costs	337,256.7	69.4	574,659.2	74.0	751,058.1	71.4
Capitalized interest	8,192.7	1.7	19,627.3	2.5	15,537.8	1.5
Cost of properties sold	**466,486.0**	**96.0**	**734,675.6**	**94.6**	**994,180.7**	**94.5**
Other costs	19,283.0	4.0	41,611.4	5.4	58,193.3	5.5
Total	**485,769.0**	**100**	**776,287.0**	**100**	**1,052,374.0**	**100**

The following table sets forth a breakdown of cost of properties sold, both in aggregate and on a per sq.m. basis, by project phase during the Track Record Period:

Project phase	GFA sold and delivered	Cost of properties sold	Land acquisition costs	Construction costs	Capitalized interest	Cost of properties sold per sq.m.	Land acquisition costs per sq.m.	Construction costs per sq.m.	Capitalized interest per sq.m.
	(sq.m.)		(RMB in thousands)				(RMB in thousands/sq.m.)		
For the year ended December 31, 2010									
Wuxi Wuzhou International Ornamental City (Phase I)	767.8	2,268.8	438.1	1,812.0	18.6	3.0	0.6	2.4	0.0
Wuxi Wuzhou International Ornamental City (Phase II)	32,700.7	111,907.7	9,833.0	95,894.9	6,179.9	3.4	0.3	2.9	0.2
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	80,244.0	352,309.5	110,765.5	239,549.8	1,994.2	4.4	1.4	3.0	0.0
Total	**113,712.5**	**466,486.0**	**121,036.6**	**337,256.7**	**8,192.7**				
For the year ended December 31, 2011									
Wuxi Wuzhou International Ornamental City (Phase I)	1,904.5	5,627.8	1,086.9	4,494.7	46.2	3.0	0.6	2.4	0.0
Wuxi Wuzhou International Ornamental City (Phase II)	30,739.8	109,344.4	21,199.6	81,887.4	6,257.5	3.6	0.7	2.7	0.2
Wuxi Wuzhou International Ornamental City (Phase III)	32,640.3	164,567.3	17,581.8	141,236.3	5,749.2	5.0	0.5	4.3	0.2
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	41,402.3	162,343.7	18,357.9	141,734.8	2,251.0	3.9	0.4	3.4	0.1
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	33,682.1	143,266.6	42,188.0	101,078.6	—	4.3	1.3	3.0	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	11,083.0	91,118.3	23,875.6	67,242.8	—	8.2	2.2	6.1	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	6,122.5	54,047.7	15,672.5	33,083.9	5,291.3	8.8	2.6	5.4	0.9
Wuxi Wuzhou International Columbus Plaza (Phase I)	302.8	4,359.8	426.8	3,900.7	32.2	14.4	1.4	12.9	0.1
Total	**157,877.3**	**734,675.6**	**140,389.1**	**574,659.2**	**19,627.4**				

Project phase	GFA sold and delivered	Cost of properties sold	Land acquisition costs	Construction costs	Capitalized interest	Cost of properties sold per sq.m.	Land acquisition costs per sq.m.	Construction costs per sq.m.	Capitalized interest per sq.m.
	(sq.m.)		(RMB in thousands)				(RMB in thousands/sq.m.)		
For the year ended December 31, 2012									
Wuxi Wuzhou International Ornamental City (Phase I)	33,984.8	102,104.6	19,719.6	81,547.2	837.8	3.0	0.6	2.4	0.0
Wuxi Wuzhou International Ornamental City (Phase II)	1,694.2	6,889.5	952.6	5,549.8	387.1	4.1	0.6	3.3	0.2
Wuxi Wuzhou International Ornamental City (Phase III)	418.9	4,641.1	495.8	4,064.6	80.7	11.1	1.2	9.7	0.2
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	823.5	3,379.8	579.7	2,712.2	87.9	4.1	0.7	3.3	0.1
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	89,501.3	352,973.4	70,632.2	282,341.2	—	3.9	0.8	3.2	—
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	33,944.6	133,150.2	10,927.8	120,530.3	1,692.1	3.9	0.3	3.6	0.0
Wuxi Wuzhou International Columbus Plaza (Phase I)	85.2	2,757.5	670.6	2,067.4	19.5	32.3	7.9	24.3	0.2
Wuxi Wuzhou International Columbus Plaza (Phase II)	9,198.5	81,728.2	29,725.1	46,461.2	5,541.9	8.9	3.2	5.1	0.6
Wuxi Wuzhou International Chinese Food Culture Exposition City	159.5	1,424.9	408.4	931.5	85.0	8.9	2.6	5.8	0.5
Meicun Wuzhou International Plaza	15,228.9	123,276.4	41,539.2	78,661.1	3,076.1	8.1	2.7	5.2	0.2
Dali Wuzhou International Trade City	58,919.6	111,224.3	17,915.3	91,392.9	1,916.1	1.9	0.3	1.6	0.0
Yangjian Wuzhou International Plaza	9,191.2	70,630.8	34,018.5	34,798.7	1,813.6	7.7	3.7	3.8	0.2
Total	**253,150.2**	**994,180.7**	**227,584.8**	**751,058.1**	**15,537.8**				

Land acquisition costs. Land acquisition costs primarily include payments to the competent land bureaus or government authorities for the right to occupy, use and develop a particular parcel of land. Land acquisition costs also include land-related taxes and surcharges. Land acquisition costs are recognized as part of the cost of sales upon completion and delivery of the relevant properties. Land acquisition costs are affected by the location of the property and the timing of acquisition, as well as general economic and real estate market conditions. In 2010, 2011 and 2012, our land acquisition costs represented 24.9%, 18.1% and 21.6% of our cost of sales, respectively.

Construction costs. Construction costs include costs for design and construction, substantially covering all labor, materials, fittings and equipment costs, subject to adjustments for some types of excess, such as design changes during construction or changes in government-suggested steel prices. Our construction costs are paid over the construction period based on specified milestones.

Capitalized interest. We capitalize a portion of our borrowing costs to the extent that such costs are directly attributable to the acquisition, construction or production of a particular project.

Other costs. Other costs include costs relating to our property management income and rental income.

Gross Profit

Our gross profit was RMB390.0 million, RMB739.5 million and RMB1,200.9 million in 2010, 2011 and 2012, respectively, representing gross profit margins of 44.5%, 48.8%, and 53.3%, respectively.

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

	For the year ended December 31,								
	2010			2011			2012		
	Revenue	Cost of properties sold	Gross profit margin	Revenue	Cost of properties sold	Gross profit margin	Revenue	Cost of properties sold	Gross profit margin
	(RMB in thousands, except percentages)								
Specialized wholesale markets									
Wuxi Wuzhou International Ornamental City	257,972.4	114,176.5	55.7%	548,715.0	279,539.5	49.1%	191,798.5	113,635.2	40.8%
Wuxi Wuzhou International Industrial Exhibition City	557,633.3	352,309.5	36.8%	507,092.0	305,610.3	39.7%	935,742.8	489,503.5	47.7%
Dali Wuzhou International Trade City	—	—	—	—	—	—	355,733.0	111,224.3	68.7%
Sub-total/Average	**815,605.7**	**466,486.0**	**42.8%**	**1,055,807.0**	**585,149.8**	**44.6%**	**1,483,274.3**	**714,362.9**	**51.8%**
Multi-functional commercial complexes									
Wuxi Wuzhou International Chinese Food Culture Exposition City	—	—	—	318,271.9	145,166.0	54.4%	6,819.1	1,424.9	79.1%
Wuxi Wuzhou International Columbus Plaza	—	—	—	6,009.0	4,359.8	27.5%	195,322.8	84,485.6	56.8%
Meicun Wuzhou International Plaza	—	—	—	—	—	—	350,910.1	123,276.4	64.9%
Yangjian Wuzhou International Plaza	—	—	—	—	—	—	89,995.8	70,630.9	21.5%
Sub-total/Average	**—**	**—**	**—**	**324,280.9**	**149,525.8**	**53.9%**	**643,047.8**	**279,817.8**	**56.5%**
Total/Average	**815,605.7**	**466,486.0**	**42.8%**	**1,380,087.9**	**734,675.6**	**46.8%**	**2,126,322.1**	**994,180.7**	**53.2%**

Gross profit margins of specialized wholesale markets varied during the Track Record Period, primarily because there were various types of properties in one specialized wholesale market, including retail shops, exhibition halls, street shops and business apartments. Generally, gross profit margins of retail shops are higher than those of business apartments and gross profit margins of exhibition halls are the highest among all types of properties. The Gross profit margin may fluctuate depending on the sales combinations of different types of properties. In addition, within one project, gross profit margin of phase two or later is usually higher than that of phase one, and therefore the gross profit margin of a project may increase when its subsequent phases are developed.

The gross profit margin of Wuxi Wuzhou International Ornamental City decreased from 55.7% in 2010 to 49.1% in 2011, primarily because properties delivered in 2011 included business apartments, which commanded lower gross profit margin than retail shops. The gross profit margin of Wuxi Wuzhou International Ornamental City further decreased from 49.1% in 2011 to 40.8% because we only recognized revenue from properties sold with return clauses in 2012, when the right to sell back the properties to us had lapsed, based on selling prices set in 2007 which were generally lower than those of subsequent sales.

The gross profit margin of Wuxi Wuzhou International Industrial Exhibition City increased from 36.8% in 2010 to 39.7% in 2011 and to 47.7% in 2012, primarily due to the increases in the average selling price per sq.m.

The gross profit margin of Wuxi Wuzhou International Chinese Food Culture Exposition City increased from 54.4% in 2011 to 79.1% in 2012, primarily because we commanded higher prices for the properties delivered in 2012 due to their premier locations within the project.

The gross profit margin of Wuxi Wuzhou International Columbus Plaza was 27.5% in 2011, compared to 56.8% in 2012, primarily because the cost of properties sold in 2011 had included the revaluation gain as a result of our business combination of Wuxi Longan in December 2010, whereas the cost of properties sold in 2012 did not include significant revaluation gain because such properties had been constructed after the business combination of Wuxi Longan.

Other Income and Gains

Our other income and gains primarily include subsidy income, interest income and a gain on the acquisition of a subsidiary. We received a subsidy from the local governments of RMB0.8 million, RMB1.4 million and RMB13.3 million in 2010, 2011 and 2012, respectively.

We had a one-time gain of RMB107.6 million, which was recorded under other income and gains, in 2010 in connection with the acquisition of a subsidiary. We acquired a 19.4% equity interest in Wuxi Longan from three independent third parties, who are friends of Shu Cecheng, in December 2010. We recorded a gain on the acquisition of a subsidiary reflecting (i) the difference of RMB75.0 million between the amount of our payment for the acquisition of a 19.4% equity interest in Wuxi Longan, and the fair value of the net assets of Wuxi Longan at the acquisition date, and (ii) a gain of RMB32.6 million from the remeasurement of the fair value of the 33.0% equity interest in Wuxi Longan previously acquired by us. The consideration for the 19.4% equity interest in Wuxi Longan was determined through arm's length negotiations with the three independent third parties, taking into account that they had enjoyed reasonable investment returns and decided to dispose of their interests when the development of the project had not come to the stage of delivery and revenue had not yet been recognized. The Directors confirmed that, other than this project, the Company does not have any past or present business relationships with such three independent third parties.

Selling and Distribution Costs

Our selling and distribution costs primarily include advertising and promotional expenses to promote the sales and rental of our properties, commissions to sales agents and compensation for our sales and marketing personnel. We focus our marketing efforts on the first phase of each project to establish the reputation and profile for the project and in turn incur higher advertising and promotional expenses during this phase of the project. We also incur higher advertising and promotional expenses when expanding into new cities. In addition, advertising and promotional expenses and commissions for the sale of properties are generally incurred during the pre-sale periods, and advertising and promotional expenses for our commercial management services are generally incurred in the initial periods. As a result, our selling and distribution costs may fluctuate from time to time.

We incurred higher selling and distribution costs in 2012, compared with 2010 and 2011, primarily due to an increase in the sale of properties.

The following table sets forth a breakdown of our selling and distribution costs for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except percentages)					
Advertising and promotional expenses	120,715	71.7	102,190	65.8	157,134	67.6
Commissions	19,230	15.2	26,915	17.3	40,996	17.6
Staff cost	9,423	5.6	14,742	9.5	22,030	9.5
Others	12,618	7.5	11,438	7.4	12,385	5.3
Total	**161,986**	**100**	**155,285**	**100**	**232,545**	**100**

Others in selling and distribution costs includes miscellaneous expenses, such as conference and travel expenses.

The following table sets forth a breakdown of our advertising and promotional expenses by project for the periods indicated:

	For the year ended December 31,		
Project	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City(1)	31,227	12,343	13,507
Wuxi Wuzhou International Industrial Exhibition City(2)	66,790	8,022	8,291
Wuxi Wuzhou International Columbus Plaza	—	18,531	1,485
Wuxi Wuzhou International Chinese Food Culture Exposition City(3)	12,373	7,845	11,200
Meicun Wuzhou International Plaza	380	6,812	2,892
Dali Wuzhou International Trade City	—	9,603	11,632
Jianhu Wuzhou International Trade City	—	1,152	15,572
Yancheng Wuzhou International Plaza	—	6,717	13,215
Wuxi New District Columbus Plaza	—	5,229	7,942
Rongchang Wuzhou Hardware Ornamental City	—	5,669	4,753
Huaian Wuzhou International Plaza	—	3,504	4,343
Luoshe Wuzhou Columbus Plaza	—	333	8,860
Nantong Wuzhou International Plaza	—	201	9,072
Xiangyang Wuzhou International Industrial Exhibition City	—	—	7,788
Other projects	9,945	16,229	36,582
Total	**120,715**	**102,190**	**157,134**

Notes:

(1) Phase I, Phase II and Phase III of Wuxi Wuzhou International Ornamental City were pre-sold during the periods of 2006 to 2008, 2007 to 2009 and 2010 to 2011, respectively. We began pre-selling Phase IV of Wuxi Wuzhou International Ornamental City and incurred significant advertising and promotional expenses for this project phase, in 2012. We did not incur significant advertising and promotional expenses for Phase I and Phase II of Wuxi Wuzhou International Ornamental City in 2012.

(2) Phase I and Phase II of Wuxi Wuzhou International Industrial Exhibition City were pre-sold during the period of 2008 to 2010. We began pre-selling Product Exhibition Halls A and C of Wuxi Wuzhou International Industrial Exhibition City and incurred significant advertising and promotional expenses for this project phase, in 2012. We did not incur significant advertising and promotional expenses for Phase I of Wuxi Wuzhou International Industrial Exhibition City in 2012.

(3) Phase I and Phase II of Wuxi Wuzhou International Chinese Food Culture Exposition City were pre-sold during the period of 2010 to 2011. We began pre-selling Phase III of Wuxi Wuzhou International Chinese Food Culture Exposition, and incurred significant advertising and promotional expenses for this project phase, in 2012.

Administrative Expenses

Our administrative expenses primarily include staff cost, entertainment expenses and conference fees, office expenses and professional fees. Changes in administrative expenses are generally affected by the size of our operations, including the number and size of our projects. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	RMB	% of total	RMB	% of total	RMB	% of total
	(RMB in thousands, except percentages)					
Staff cost	11,198	20.2	36,666	23.5	94,617	34.8
Entertainment expenses and conference fees	10,720	19.4	32,448	20.8	52,083	19.2
Office expenses	7,804	14.1	18,391	11.8	30,093	11.1
Professional fees	941	1.7	14,722	9.4	24,626	9.1
Traveling expenses	4,877	8.8	14,322	9.2	18,252	6.7
Depreciation and amortization	4,875	8.8	10,497	6.7	23,100	8.5
Tax and stamp duties of self-used properties	4,736	8.5	7,897	5.1	12,342	4.5
Cleaning and maintenance expenses	1,545	2.8	2,099	1.3	6,212	2.3
Miscellaneous	8,696	15.7	18,865	12.2	10,400	3.8
Total	**55,392**	**100**	**155,907**	**100**	**271,725**	**100**

Other Expenses

Other expenses primarily include provision for loan losses of Wuxi Small Credit, losses on transfer taxes and charitable donations. In 2010, we incurred a loss on transfer tax, including tax and levies paid based on the transfer price, of approximately RMB11.0 million as we sold a parcel of land, at cost, including pre-construction cost. The transfer tax comprised a business tax of 5%, surcharges of 0.55% and LAT of 3% of the transfer price. Prior to the transfer, this parcel of land was held by Wuxi Wuzhou International Industrial Exhibition City. Construction on this parcel of land had not commenced at the time of transfer and the transfer did not result in any disruption of the development of our projects. We were requested by the government to transfer this parcel of land to Wuxi Bonan, a property development company controlled by a government entity and in which we held a 20% equity interest, in order to build an office park for corporate headquarters. As this parcel of land is located adjacent to our Wuxi Wuzhou International Industrial Exhibition City, we believe this urban development plan will help us further establish the profile of our project despite the incurrence of such tax loss. In addition, we disposed of our equity interest in Wuxi Small Credit in March 2012 and incurred losses of RMB6.9 million.

Fair Value Gain upon Transfer to Investment Properties

Completed properties held for sale and properties under development are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its carrying amount will be recognized in profit or loss. The following table sets forth a breakdown of our fair value gain upon transfer to investment properties and changes in GFAs by project for the periods indicated:

		For the year ended December 31,			For the year ended December 31,		
Project	City	2010	2011	2012	2010	2011	2012
		GFA(sq.m.)			(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase II)	Wuxi	—	—	587	—	—	2,664
Wuxi Wuzhou International Ornamental City (Phase III)	Wuxi	—	—	1,323	—	—	4,827
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	Wuxi	9,628	—	—	17,731	—	—
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	Wuxi	—	—	17,935	—	—	249
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	Wuxi	—	—	21,279	—	—	43,020
Wuxi Wuzhou International Columbus Plaza (Phase II)	Wuxi	—	—	9,978	—	—	109,059
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	Wuxi	—	—	5,768	—	—	507
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	Wuxi	—	—	3,744	—	—	329
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	Wuxi	—	—	7,237	—	—	14,438
Meicun Wuzhou International Plaza	Wuxi	—	15,758	7,524	—	11,548	68,112
Hangzhou Wuzhou International Plaza	Hangzhou	—	17,778	—	—	1	—
Yancheng Wuzhou International Plaza	Yancheng	—	16,493	—	—	14,540	—
Huaian Wuzhou International Plaza	Xuyi	—	27,410	—	—	86,475	—
Dali Wuzhou International Trade City	Dali	—	—	61,898	—	—	145,549
Nantong Wuzhou International Plaza	Nantong	—	—	6,038	—	—	3,351
Total		**9,628**	**77,439**	**143,311**	**17,731**	**112,564**	**392,105**

In 2010, 2011 and 2012, we had fair value gain upon transfer to our investment properties of RMB17.7 million, RMB112.6 million and RMB392.1 million, respectively. These adjustments reflected unrealized capital gains on our investment properties, and did not generate cash. See "— Critical Accounting Policies — Investment Properties".

Change in Fair Value of Investment Properties

Investment properties are interests in land and buildings held to earn recurring income. Investment properties are stated at their fair value as of each reporting date. Gains or losses arising from changes in the fair values of our investment properties are included in our consolidated statements of comprehensive income in the year in which they arise. Please refer to "Appendix III — Property Valuation" to this prospectus for more details. The following table sets forth a breakdown of the change in fair value of investment properties by project for the periods indicated:

Project	City	For the year ended December 31, 2010	2011	2012
		(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	Wuxi	8,000	6,000	9,563
Wuxi Wuzhou International Ornamental City (Phase II)	Wuxi	12,000	20,500	35,000
Wuxi Wuzhou International Ornamental City (Phase IV)	Wuxi	—	—	55,234
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	Wuxi	—	3,000	2,700
Wuxi Wuzhou International Columbus Plaza (Phase I)	Wuxi	—	70,547	23,176
Wuxi Wuzhou International Columbus Plaza (Phase II)	Wuxi	—	3,688	3,671
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	Wuxi	—	18,733	1,816
Meicun Wuzhou International Plaza	Wuxi	—	—	4,775
Yangjian Wuzhou International Plaza	Wuxi	—	1,351	347
Wuxi New District Columbus Plaza	Wuxi	—	(3,165)	9,177
Hangzhou Wuzhou International Plaza	Hangzhou	—	—	795
Yancheng Wuzhou International Plaza	Yancheng	—	—	742
Huaian Wuzhou International Plaza	Xuyi	—	—	14,737
Luoshe Wuzhou Columbus Plaza	Wuxi	—	—	23,613
Total		**20,000**	**120,654**	**185,346**

In 2010, 2011 and 2012, we had change in fair value of investment properties of RMB20.0 million, RMB120.7 million and RMB185.3 million, respectively. These adjustments reflected unrealized capital gains on our investment properties, and did not generate cash. See "— Critical Accounting Policies — Investment Properties".

Finance Costs

Our finance costs include interest expenses on bank loans and other borrowings less interest capitalized. We capitalize certain interest expenses based on the use of the underlying borrowings. Under IFRSs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Furthermore, interest expenses can only be capitalized during the construction period and finance costs incurred prior to and after the construction period must be expensed.

During the Track Record Period, our borrowing costs represented an average interest rate of 7.61%, 12.26% and 10.44%, respectively. Our average interest rate was higher in 2011 because it reflected loan set-up fees of approximately RMB20.0 million, representing 3.0% to 4.5% of the principle amount of our loans with trust institutions. Such loan set-up fees were directly attributable to the construction of projects under development and therefore were capitalized as part of the cost of the qualifying assets.

Share of Profits and Losses of Associates

Our share of profits and losses of associates primarily include our shares of gains or losses from our associates. We recorded a profit of RMB109.6 million from Wuxi Longan in 2010, as Wuxi

Wuzhou International Columbus Plaza (Phase I) completed construction in April 2010. We also recorded losses of RMB0.4 million and RMB2.1 million in 2010 and 2011, respectively, and profit of RMB6.0 million in 2012 from Wuxi Bonan, a property development company in which we held a 20% equity interest.

The following table sets forth a breakdown of our share of profits and losses of associates for the periods indicated:

Associate	For the year ended December 31, 2010	2011	2012
	(RMB in thousands)		
Wuxi Bonan	(379)	(2,095)	6,005
Wuxi Longan	109,609	—	—
Wuxi Longhe	—	(258)	(989)
Total	**109,230**	**(2,353)**	**5,016**

Income Tax Expense

Our income tax expense comprises provisions for EIT, LAT and deferred tax. During the Track Record Period, the EIT for our PRC subsidiaries was 25%, except for Wuxi Small Credit, which was engaged in the financing business for rural residents and, therefore, entitled to a preferential corporate income tax rate of 12.5%. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended December 31, 2010	2011	2012
	(RMB in thousands)		
Current tax			
PRC corporate income tax	29,207	161,716	290,549
LAT	36,575	123,668	196,872
Deferred tax	59,126	(11,276)	21,199
Total	**124,908**	**274,108**	**508,620**

According to the Provisional Regulations of the PRC on LAT (《土地增值稅暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations on LAT of the PRC (《土地增值稅暫行條例實施細則》), all income from the sale or transfer of state-owned land use rights on land, buildings and their attached facilities is subject to LAT.

LAT is levied on properties developed by property developers in the PRC for sale at progressive rates generally ranging from 30% to 60% of the appreciation in land value with certain exemptions. In lieu of progressive rates, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan and Dali Wuzhou were subject to an LAT of 3% to 8.34% of their revenue in accordance with "Wuxi Tax Circular (錫地稅函)" No. (2009) 46 and No. 1 (2010) 1 Announcement of Dali tax bureau. Pursuant to "Wuxi Tax Circular", which has been in effect since June 1, 2009, an LAT of 0.5%, 2.5%, 3% and 5% is applicable to ordinary residential properties with normal standards, other ordinary residential properties, commercial properties (such as offices, shops and resorts) and villas, respectively. Such reduced LAT rates are applied to all real property developers in Wuxi without any specific conditions or requirements. For our projects that applied the LAT rates pursuant to "Wuxi Tax Circular", the relevant tax authorities have completed the final assessments of the projects and, therefore, any future amendment to "Wuxi Tax Circular" will not have any impact on our tax obligations with respect to these projects.

For real estate development companies in the PRC, EIT and LAT are pre-paid based on certain percentages of pre-sales proceeds. Pre-paid EIT is deducted when the properties are delivered and revenue recognized. Pre-paid LAT is deducted at the time of the final assessment of the project. In 2010, 2011 and 2012, we made LAT provisions of RMB36.6 million, RMB123.7 million and RMB196.9 million, respectively.

We are not subject to any income tax for our company and subsidiaries incorporated in the Cayman Islands and British Virgin Islands. We did not incur Hong Kong profits tax during the Track Record Period.

Deferred taxes are the taxes expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in our financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized for deductible temporary differences, carried-forward unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

In 2010, 2011 and 2012, our deferred tax liabilities primarily included fair value adjustments arising from investment properties, fair value adjustments on acquisition date, a gain on business combination and withholding taxes on undistributed profits of our subsidiaries in the PRC. Deferred tax liabilities arising from fair value adjustments arising from investment properties was RMB82.9 million, RMB141.2 million and RMB285.6 million in 2010, 2011 and 2012, respectively. The increases in deferred tax liabilities from 2010 to 2011 and to 2012 were primarily due to increases in fair value adjustments arising from investment properties.

Our effective tax rate is affected by the statutory EIT rates, LAT, non-deductible expenses, profits and losses attributable to associates and withholding taxes on undistributed profits of our subsidiaries in the PRC. Our effective tax rate, representing tax charges, excluding the effect of LAT, divided by profit before tax, was 23.5%, 28.0% and 28.6% in 2010, 2011 and 2012, respectively. The lower effective tax rate in 2010 was primarily due to profits and losses attributable to associates of RMB109.6 million mainly from Wuxi Longan that was exempted from EIT. Under the EIT Law, a resident enterprise's income from equity investments in another resident enterprise is exempted from EIT and, therefore, our profit from investment in Wuxi Longan was exempted from EIT. The higher effective tax rates in 2011 and 2012 were due to increases in expenses, which were not tax deductible, and withholding taxes on undistributed profits of PRC subsidiaries. Under the Implementation Regulations, only 60% of the business entertainment expenses are deductible and such deductible amount may not exceed 0.5% of the revenue for the year. In 2011, Wuxi International Property, Hangzhou Longan, Yancheng Wuzhou and Rongchang Wuzhou incurred a significant amount of business entertainment expenses for project planning purposes, which were not deductible as these companies did not generate any revenue in 2011. In 2011 and 2012, we incurred non-deductible expenses of RMB9.2 million and RMB14.4 million, respectively. For real estate development companies in the PRC, EIT and LAT are prepaid based on certain percentages of presales proceeds. The increases in prepaid EIT and LAT from 2010 to 2012 were primarily due to an increase in advances from customers during the same period.

RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the periods indicated:

	For the year ended December 31,					
	2010		2011		2012	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
	(RMB in thousands, except percentages)					
Revenue	875,794	100.0	1,515,769	100.0	2,253,240	100.0
Cost of sales	(485,769)	(55.5)	(776,287)	(51.2)	(1,052,374)	(46.7)
Gross profit	390,025	44.5	739,482	48.8	1,200,866	53.3
Other income and gains	110,879	12.7	7,514	0.5	25,309	1.1
Selling and distribution costs	(161,986)	(18.5)	(155,285)	(10.2)	(232,545)	(10.3)
Administrative expenses	(55,392)	(6.3)	(155,907)	(10.3)	(271,725)	(12.1)
Other expenses	(15,677)	(1.8)	(7,161)	(0.5)	(16,797)	(0.7)
Fair value gain upon transfer to investment properties	17,731	2.0	112,564	7.4	392,105	17.4
Change in fair value of investment properties	20,000	2.3	120,654	8.0	185,346	8.2
Finance costs	(177)	0.0	(12,132)	(0.8)	(25,071)	(1.1)
Share of (losses)/profits of Associates	109,230	12.5	(2,353)	(0.2)	5,016	0.2
Profit/(loss) before taxation	**414,633**	**47.4**	**647,376**	**42.7**	**1,262,504**	**56.0**
Income tax expense	(124,908)	(14.3)	(274,108)	(18.1)	(508,620)	(22.6)
Profit/(loss) after tax and total comprehensive income for the year/period	**289,725**	**33.1**	**373,268**	**24.6**	**753,884**	**33.4**
Attributable to:						
Owners of the parent	284,837	32.5	313,412	20.7	699,711	31.1
Non-controlling interests	4,888	0.6	59,856	3.9	54,173	2.3
	289,725	**33.1**	**373,268**	**24.6**	**753,884**	**33.4**

Year ended December 31, 2012 compared to year ended December 31, 2011.

Revenue

Our revenue was RMB2,253.2 million in 2012, compared with RMB1,515.8 million in 2011, representing an increase of RMB737.4 million, or 48.7%, primarily due to an increase in the sale of properties of RMB746.2 million.

Sale of properties

Our revenue generated from the sale of properties was RMB2,126.3 million in 2012, compared with RMB1,380.1 million in 2011, representing an increase of RMB746.2 million, or 54.1 %, primarily due to an increase in the GFA of properties sold.

The GFA of properties sold was 253,150 sq.m. in 2012, compared with 157,877 sq.m. in 2011, representing an increase of 95,273 sq.m., or 60.3%.

The average selling price per sq.m. was RMB8,399.5 in 2012, compared with RMB8,741.5 in 2011, representing a decrease of RMB342.0, or 3.9%, primarily due to the delivery of units in Dali Wuzhou International Trade City in Yunnan Province, where property prices are generally lower than Jiangsu Province. The decrease was also because we recognized revenue from properties sold with return clauses in 2012, when the right to sell back the properties to us had lapsed, based on selling prices set in 2007 which were generally lower than those of subsequent sales.

Rental income

Our revenue generated from rental income was RMB30.7 million in 2012, compared with RMB24.3 million in 2011, representing an increase of RMB6.4 million, or 26.3%, primarily due to an increase in the total GFA rented which in turn was primarily due to the addition of GFA rented in Meicun Wuzhou International Plaza and Wuxi Wuzhou International Columbus Plaza (Phase II).

Commercial management service income

Our commercial management service income was RMB68.3 million in 2012, compared with RMB71.5 million in 2011, representing a decrease of RMB3.2 million, primarily because Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I) started to generate commercial management income at reduced rates of 8% to 10% of the rental value of the underlying properties in 2012, as these projects had completed the initial period and we would no longer be entitled to receive the entire rental value from these projects, which was partially offset by an increase in the GFA of the properties operated and managed by us under the exclusive operation and management agreements.

Property management income

Our property management income was RMB10.7 million in 2012, compared with RMB7.9 million in 2011, representing an increase of RMB2.8 million, primarily due to increases in the GFA of properties managed by us and property management fees on a per sq.m. basis we collected on our projects.

Commissions from concessionaire sales

Our revenue generated from commissions from concessionaire sales was RMB6.0 million in 2012, compared with RMB1.2 million in 2011, representing an increase of RMB4.8 million, due to an increase in the sale of goods by our Wuxi Longan department store, which commenced operations in October 2011.

Others

Our other income was RMB11.1 million in 2012, compared with RMB30.8 million in 2011, representing a decrease of RMB19.7 million, primarily due to the suspension of our lending activities through Wuxi Small Credit in March 2012, and we do not expect to generate such income in the future.

Cost of sales

Our cost of sales was RMB1,052.4 million in 2012, compared with RMB776.3 million in 2011, representing an increase of RMB276.1 million, or 35.6%. Our cost of properties sold was RMB994.2 million in 2012, compared with RMB734.7 million in 2011, representing an increase of RMB259.5 million, or 35.3%. The increase in cost of properties sold was primarily due to (i) an increase in construction costs of RMB176.4 million and (ii) an increase in land acquisition costs of RMB87.2 million. The increases in construction costs and land acquisition costs were primarily due to an increase in the GFA of the properties sold.

Gross profit

Our gross profit was RMB1,200.9 million in 2012, compared with RMB739.5 million in 2011, representing an increase of RMB461.4 million, or 62.4%. Our gross profit margin increased to 53.3% in 2012 from 48.8% in 2011, primarily due to higher selling prices and higher gross profit margins from the sale of units in Wuxi Wuzhou International Columbus Plaza (Phase II), Meicun Wuzhou International Plaza and Dali Wuzhou International Trade City in 2012.

Other income and gains

Our other income and gains were RMB25.3 million in 2012, compared with RMB7.5 million in 2011, representing an increase of RMB17.8 million, primarily due to a subsidy of RMB6.5 million provided by the Rongchang county government and a late fee received from the local government of Luoshe Wuzhou Columbus Plaza of RMB4.8 million for failing to deliver the land to us on time.

Selling and distribution costs

Our selling and distribution costs were RMB232.5 million in 2012, compared with RMB155.3 million in 2011, representing an increase of RMB77.2 million, or 49.7%. Our advertising and promotional expenses increased from RMB102.2 million to RMB157.1 million and our commissions increased from RMB26.9 million to RMB41.0 million, due to an increase in the sale of properties.

Administrative expenses

Our administrative expenses were RMB271.7 million in 2012, compared with RMB155.9 million in 2011, representing an increase of RMB115.8 million, or 74.3%, primarily due to (i) a significant increase in staff cost resulting from the increase in the number of our administrative personnel from 540 as of December 31, 2011 to 800 as of December 31, 2012, (ii) increases in entertainment expenses and conference fees and miscellaneous expenses resulting from our business expansion, with an increase in the number of our subsidiaries from 29 as of December 31, 2011 to 51 as of December 31, 2012, and (iii) increases in professional fees and traveling expenses in preparation for the Listing.

Other expenses

Our other expenses were RMB16.8 million in 2012, compared with RMB7.2 million in 2011, representing an increase of RMB9.6 million, or 133.3%. The increase was primarily due to a one-time expense of RMB6.9 million related to the disposal of Wuxi Small Credit in March 2012 and charitable donations of RMB1.5 million. The loss of the disposal represents the difference between the consideration for this equity transfer and the carrying amount of our investment in Wuxi Small Credit at the date of disposal.

Fair value gain upon transfer to investment properties

Our fair value gain upon transfer to investment properties was RMB392.1 million in 2012, compared with RMB112.6 million in 2011, representing an increase of RMB279.5 million, primarily due to fair value gain upon transfer to investment properties of RMB145.5 million in Dali Wuzhou International Trade City and RMB109.1 million in Wuxi Wuzhou International Columbus Plaza (Phase II), as a result of certain units in these projects being leased out and transferred to investment properties in 2012.

Change in fair value of investment properties

Our change in fair value of investment properties was RMB185.3 million in 2012, compared with RMB120.7 million in 2011, representing an increase of RMB64.6 million.

Finance costs

Our finance costs were RMB25.1 million in 2012, compared with RMB12.1 million in 2011, representing an increase of RMB13.0 million, primarily due to an increase in the amount of our outstanding loans.

Share of profits and losses of associates

Our share of profits of associates was RMB5.0 million in 2012, compared with our share of losses of RMB2.4 million in 2011. This change was primarily due to our share of profit of RMB6.0 million from Wuxi Bonan.

Income tax expense

Our income tax expenses were RMB508.6 million in 2012, compared with RMB274.1 million in 2011, representing an increase of RMB234.5 million. This increase was primarily due to an increase in pre-tax profit and an increase in LAT due to an increase in the sale of properties.

Profit after tax and total comprehensive income for the year

As a result of the foregoing, our profit was RMB753.9 million in 2012, compared with RMB373.3 million in 2011, representing an increase of RMB380.6 million, or 102.0%.

Year ended December 31, 2011 compared to year ended December 31, 2010.

Revenue

Our revenue was RMB1,515.8 million in 2011, compared with RMB875.8 million in 2010, representing an increase of RMB640.0 million, or 73.1%, primarily due to an increase in the sale of properties of RMB564.5 million.

Sale of properties

Our revenue generated from the sale of properties was RMB1,380.1 million in 2011, compared with RMB815.6 million in 2010, representing an increase of RMB564.5 million, or 69.2%, primarily due to increases in the GFA of properties sold and average selling price.

The GFA of properties sold was 157,877 sq.m. in 2011, compared with 113,713 sq.m. in 2010, representing an increase of 44,164 sq.m., or 38.8%.

Average selling price per sq.m. was RMB8,741.5 in 2011, compared with RMB7,172.5 in 2010, representing an increase of RMB1,569.0, or 21.9%, primarily because we commanded higher prices on a per sq.m. basis on units in Wuxi Wuzhou International Ornamental City (Phase III) and Wuxi Wuzhou International Industrial Exhibition City (Phase II) than those of units in Wuxi Wuzhou International Ornamental City (Phase II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I), respectively as we had established a track record of developing, selling and operating the earlier phases of these projects and the overall development moved closer to completion. In addition, the average selling prices of multi-functional commercial complexes, such as Wuxi Wuzhou International Chinese Food Culture Exposition City, which started to recognize income in 2011, are higher than those of specialized wholesale markets.

Rental income

Our revenue generated from rental income was RMB24.3 million in 2011, compared with RMB12.2 million in 2010, representing an increase of RMB12.1 million, or 99.2%, primarily due to an increase in rental income of RMB8.9 million from Wuxi Wuzhou International Columbus Plaza (Phase I), which started to generate rental income in January 2011 as a result of our acquisition of a 19.4% equity interest in Wuxi Longan in December 2010. We acquired a 19.4% equity interest in Wuxi Longan from three independent third parties and started to consolidate the financial results of Wuxi Longan in December 2010. Wuxi Longan is our subsidiary that developed Wuxi Wuzhou International Columbus Plaza (Phase I).

Commercial management service income

Our commercial management service income was RMB71.5 million in 2011, compared with RMB39.7 million in 2010, representing an increase of RMB31.8 million, or 80.1%, primarily because we generated commercial management service income of RMB14.8 million from Wuxi Wuzhou International Columbus Plaza (Phase I) and RMB3.2 million from Wuxi Wuzhou International Chinese Food Culture Exposition City. Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I) and Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II) commenced operations and started to generate commercial management service income in January 2011 and July 2011, respectively.

Property management income

Our property management income was RMB7.9 million in 2011, compared with RMB2.6 million in 2010, representing an increase of RMB5.3 million, or 203.8%, primarily because we collected property management service fees of RMB2.4 million from tenants of Wuxi Wuzhou International Columbus Plaza (Phase I) and RMB1.2 million from tenants of Wuxi Wuzhou International Chinese Food Culture Exposition City since 2011.

Commissions from concessionaire sales

Our revenue generated from commissions from concessionaire sales was RMB1.2 million in 2011, compared with nil in 2010, due to the sale of goods by our Wuxi Longan department store, which commenced operations in October 2011.

Others

Our other income was RMB30.8 million in 2011, compared with RMB5.7 million in 2010, representing an increase of RMB25.1 million, primarily due to an increase in income of RMB24.2 million from providing loans to our customers in 2011 through Wuxi Small Credit. We suspended our lending activities in March 2012 and do not expect to generate such income in the future.

Cost of sales

Our cost of sales was RMB776.3 million in 2011, compared with RMB485.8 million in 2010, representing an increase of RMB290.5 million, or 59.8%. Our cost of properties sold was RMB734.7 million in 2011, compared with RMB466.5 million in 2010, representing an increase of RMB268.2 million, or 57.5%. The increase in cost of properties sold was primarily due to (i) an increase in construction costs of RMB248.8 million and (ii) an increase in land acquisition costs of RMB19.4 million. The increase in construction costs was primarily due to an increase in the GFA of properties sold and the sale of units in our multi-functional commercial complexes, such as Wuxi Wuzhou International Chinese Food Culture Exposition City, which are multi-story buildings and require higher construction costs.

Gross profit

Our gross profit was RMB739.5 million in 2011, compared with RMB390.0 million in 2010, representing an increase of RMB349.5 million, or 89.6%. Our gross profit margin increased to 48.8% in 2011 from 44.5% in 2010, primarily due to higher selling prices and higher gross profit margins from the sale of units in Wuxi Wuzhou International Industrial Exhibition City (Phase II) and Wuxi Wuzhou International Chinese Food Culture Exposition City in 2011.

Other income and gains

Our other income and gains were RMB7.5 million in 2011, compared with RMB110.9 million in 2010, representing a decrease of RMB103.4 million, primarily due to a one-time gain of RMB107.6 million in 2010, representing the difference between our payment for the acquisition of a 19.4% equity interest in Wuxi Longan and the fair value of the net assets of Wuxi Longan at the acquisition date.

Selling and distribution costs

Our selling and distribution costs were RMB155.3 million in 2011, compared with RMB162.0 million in 2010, representing a decrease of RMB6.7 million, or 4.1%. From 2010 to 2011, our advertising and promotional expenses decreased from RMB120.7 million to RMB97.2 million. From 2010 to 2011, our commissions, despite the significant increase in the sale of properties, increased slightly from RMB25.7 million to RMB29.7 million as a result of a reduction of our advertising and promotional activities and our strategic decision to offer lower commission rates to sales agents in 2011 for Wuxi Wuzhou International Ornamental City (Phase III) and Wuxi Wuzhou International Industrial Exhibition City (Phase II), in light of the reputational benefits we obtained from Wuxi Wuzhou International Ornamental City (Phases I and II) and Wuxi Wuzhou International Industrial Exhibition City (Phase I).

Administrative expenses

Our administrative expenses were RMB155.9 million in 2011, compared with RMB55.4 million in 2010, representing an increase of RMB100.5 million, or 181.4%, primarily due to (i) a significant increase in staff cost resulting from the increase in the number of our administrative personnel from 256 as of December 31, 2010 to 540 as of December 31, 2011, (ii) increases in entertainment expenses and conference fees and miscellaneous expenses resulting from our business expansion with an increase in the number of our subsidiaries from 18 as of December 31, 2010 to 29 as of December 31, 2011, and (iii) increases in professional fees and traveling expenses in preparation for the Listing. The increase in administrative expenses was also due to a lesser extent, to an increase in salaries paid to our administrative personnel in 2011.

Other expenses

Our other expenses were RMB7.2 million in 2011, compared with RMB15.7 million in 2010, representing a decrease of RMB8.5 million, or 54.1%. The decrease was primarily due to a one-time transfer tax payment of RMB11.0 million in connection with our disposal of a parcel of land, at cost, including pre-construction cost.

Fair value gain upon transfer to investment properties

Our fair value gain upon transfer to investment properties was RMB112.6 million in 2011, compared with RMB17.7 million in 2010, representing an increase of RMB94.9 million, primarily due to fair value gain upon transfer to investment properties of RMB86.5 million in Huaian Wuzhou International Plaza, RMB14.5 million in Yancheng Wuzhou International Plaza and RMB11.5 million in Meicun Wuzhou International Plaza, as a result of certain units in these projects being leased out and transferred to investment properties in 2011.

Change in fair value of investment properties

Our change in fair value of investment properties was RMB120.7 million in 2011, compared with RMB20.0 million in 2010, representing an increase of RMB100.7 million.

Finance costs

Our finance costs were RMB12.1 million in 2011, compared with RMB0.2 million in 2010, representing an increase of RMB11.9 million, primarily due to an increase in the amount of our outstanding loans and, to a lesser extent, an increase in interest rate. We entered into three loans from trust institutions in 2011 which charged higher interest rates than bank loans.

Share of profits and losses of associates

Our share of losses of associates was RMB2.4 million in 2011, compared with our share of profits of RMB109.2 million in 2010. This decrease was primarily because we started to consolidate the financial results of Wuxi Longan in 2011 after it became our subsidiary in December 2010 and its profits and losses were no longer recorded under share of profits or losses of associates.

Income tax expense

Our income tax expenses were RMB274.1 million in 2011, compared with RMB124.9 million in 2010, representing an increase of RMB149.2 million. This increase was primarily due to an increase in pre-tax profit and an increase in provision for LAT of RMB87.1 million because, in 2011, some of our PRC subsidiaries were subject to an LAT at progressive rates ranging from 30% to 60% of the appreciation in land value, while in 2010, some of our PRC subsidiaries were subject to an LAT of 3% to 8.34% of their revenue.

Profit after tax and total comprehensive income for the year

As a result of the foregoing, our profit was RMB373.3 million in 2011, compared with RMB289.7 million in 2010, representing an increase of RMB83.6 million, or 28.9%.

DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

As of December 31, 2010, 2011 and 2012, we had property, plant and equipment of RMB75.0 million, RMB204.2 million and RMB257.1 million, respectively. The increase in property, plant and equipment from December 31, 2011 to December 31, 2012 was primarily due to increases in investment in a hotel project in Yancheng of RMB27.9 million and in offices in Dali and Longan of RMB19.2 million, and purchases of vehicles of RMB20.5 million. The increase in property, plant and equipment from December 31, 2010 to December 31, 2011 was primarily due to the commencement of operations of our Longan department store in October 2011. Certain of our property, plant and equipment, with aggregate carrying amounts of RMB5.1 million, RMB98.6 million and RMB128.3 million as of December 31, 2010, 2011 and 2012, respectively, were pledged to secure our bank loans.

Investment Properties

As of December 31, 2010, 2011 and 2012, the fair value of our investment properties was RMB652.5 million, RMB1,248.3 million and RMB2,572.1 million, respectively, based on the valuation prepared by Savills, an independent property valuer. As of December 31, 2010, 2011 and 2012, we held investment properties with a total GFA of 76,827.0 sq.m., 170,974.8 sq.m. and 139,783.8 sq.m., respectively.

The increase in the fair value of our investment properties from December 31, 2011 to December 31, 2012 was primarily due to increases in the fair value of Dali Wuzhou International Trade City of RMB199.3 million, Wuxi Wuzhou International Columbus Plaza (Phase II) of RMB190.3 million, Meicun Wuzhou International Plaza of RMB178.5 million and Wuzhou International Plaza (phase IV) of RMB105.8 million in 2012.

The increase in the fair value of our investment properties from December 31, 2010 to December 31, 2011 was primarily due to increases in the fair value of Wuxi Wuzhou International Columbus Plaza of RMB74.2 million, Huaian Wuzhou International Plaza of RMB54.0 million, Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III) of RMB40.9 million and Meicun Wuzhou International Plaza of RMB30.6 million.

The following table sets forth the changes in the fair value of our investment properties as of the dates indicated:

	Completed investment properties	Investment properties under construction	Total
	(RMB in thousands)		
As of January 1, 2010	227,000	—	227,000
Additions due to acquisition of a new subsidiary[1]	330,000	15,500	345,500
Transferred from properties under development	42,269	—	42,269
Fair value gain upon transfer	17,731	—	17,731
Change in fair value of investment properties	20,000	—	20,000
As of December 31, 2010 and January 1, 2011	637,000	15,500	652,500
Additions	4,952	71,194	76,146
Transferred from properties under development	—	286,436	286,436
Fair value gain upon transfer	—	112,564	112,564
Change in fair value of investment properties	100,048	20,606	120,654
As of December 31, 2011 and January 1, 2012	742,000	506,300	1,248,300
Additions	—	303,754	303,754
Transferred from investment properties under construction	181,714	(181,714)	—
Transferred from properties held for sale	316,253	—	316,253
Transferred from properties under development	—	126,342	126,342
Fair value gain upon transfer	185,747	206,358	392,105
Change in fair value of investment properties	78,886	106,460	185,346
As of December 31, 2012	**1,504,600**	**1,067,500**	**2,572,100**

Notes:

(1) The new subsidiary refers to Wuxi Longan.

The following table sets forth the details of the fair value of our investment properties as of the dates indicated:

Project	As of December 31,			As of December 31,		
	2010	2011	2012	2010	2011	2012
	GFA(sq.m.)			(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	14,669	14,669	15,155	110,000	116,000	127,000
Wuxi Wuzhou International Ornamental City (Phase II)	20,335	20,335	20,922	137,000	157,000	196,900
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	1,323	—	—	11,600
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	25,030	—	—	105,800
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	9,628	9,628	9,628	60,000	63,000	65,700
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	17,935	—	—	89,800
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	—	21,279	—	—	75,300
Wuxi Wuzhou International Columbus Plaza (Phase I)	28,182	28,182	28,182	330,000	406,000	433,000
Wuxi Wuzhou International Columbus Plaza (Phase II)	4,014	4,014	13,992	15,500	32,900	223,200
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	—	5,768	—	—	51,239
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	—	3,744	—	—	33,261
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	6,800	14,037	—	31,300	89,800
Meicun Wuzhou International Plaza	—	15,758	23,282	—	94,400	272,900
Yangjian Wuzhou International Plaza	—	7,748	10,645	—	31,100	57,100
Wuxi New District Columbus Plaza	—	2,160	4,361	—	12,000	37,400
Hangzhou Wuzhou International Plaza	—	17,778	17,778	—	109,000	152,000
Yancheng Wuzhou International Plaza	—	16,493	16,493	—	67,200	105,000
Huaian Wuzhou International Plaza	—	27,410	27,716	—	128,400	168,800
Luoshe Wuzhou Columbus Plaza . . .	—	—	12,730	—	—	61,600
Dali Wuzhou International Trade City	—	—	61,898	—	—	199,300
Nantong Wuzhou International Plaza	—	—	6,038	—	—	15,400
Total	**76,828**	**170,975**	**357,936**	**652,500**	**1,248,300**	**2,572,100**

The fair value of our investment properties increased during the period from December 31, 2010 to December 31, 2011 and to December 31, 2012, primarily due to additional costs incurred in developing our investment properties, as well as market fluctuations. The following table sets forth the changes in costs incurred for our investment properties for the periods indicated:

Project	For the year ended December 31, 2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	—	—	1,437
Wuxi Wuzhou International Ornamental City (Phase II)	—	(499)	2,236
Wuxi Wuzhou International Ornamental City (Phase III)	—	—	6,773
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	50,566
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	42,269	—	—
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	89,551
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	—	32,279
Wuxi Wuzhou International Columbus Plaza (Phase I)	154,724	5,452	3,824
Wuxi Wuzhou International Columbus Plaza (Phase II)	10,498	13,711	77,569
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	—	50,221
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	—	33,443
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	12,567	42,246
Meicun Wuzhou International Plaza	—	82,852	105,613
Yangjian Wuzhou International Plaza	—	29,749	25,653
Wuxi New District Columbus Plaza	—	15,165	16,224
Hangzhou Wuzhou International Plaza	—	108,999	42,206
Yancheng Wuzhou International Plaza	—	52,661	37,058
Huaian Wuzhou International Plaza	—	41,925	25,663
Luoshe Wuzhou Columbus Plaza	—	—	37,987
Dali Wuzhou International Trade City	—	—	53,751
Nantong Wuzhou International Plaza	—	—	12,049
Total	**207,491**	**362,582**	**746,349**

As of December 31, 2010, 2011 and 2012, our investment properties with carrying amounts of RMB562.1 million, RMB615.8 million and RMB1,040.0 million, respectively, were pledged to secure general banking facilities outstanding as of such dates.

Available-For-Sale Investment

Our 10% equity investment in Jiujiang Meijite Credit was designated as an available-for-sale financial asset. Jiujiang Meijite Credit is a small credit company with limited liability established in the PRC on May 14, 2010 and its registered capital is RMB100 million. Jiujiang Meijite Credit engages in providing loans in Lushan District, Jiujiang City. We invested in Jiujiang Meijite Credit to diversify our investment portfolio. Our investment in Jiujiang Meijite Credit was stated at cost. We performed an impairment test as of each reporting date and no impairment was recorded during the Track Record Period. We do not plan to invest in similar financial assets after the Listing.

Properties Under Development

Our properties under development amounted to RMB1,555.1 million, RMB3,098.8 million and RMB4,307.8 million as of December 31, 2010, 2011 and 2012, respectively. Our properties under development increased from December 31, 2010 to December 31, 2011 and to December 31, 2012 primarily due to increases in both the number and the GFA of properties under development as we commenced to develop more commercial property projects in 2010, 2011 and 2012. The following table sets forth the changes in our properties under development as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Carrying amount as of January 1	472,036	1,555,133	3,098,829
Additions due to acquisition of a new subsidiary[(1)]	248,387	—	—
Additions	1,196,212	2,588,067	2,721,089
Transferred to completed properties held for sale	(227,068)	(757,935)	(1,385,764)
Transferred to investment properties	(42,269)	(286,436)	(126,342)
Disposal	(92,165)	—	—
Carrying amount at year-end	**1,555,133**	**3,098,829**	**4,307,812**

Note:

(1) The new subsidiary refers to Wuxi Longan.

The following table sets forth the details of carrying value of our properties under development as of the dates indicated:

	For the year ended December 31,		
Project	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase III)	101,248	—	—
Wuxi Wuzhou International Ornamental City (Phase IV)	—	—	113,308
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	45,473	138,901	—
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	397,158	169,657	—
Wuxi Wuzhou International Industrial Exhibition City (Product Exhibition Hall C)	—	—	72,996
Wuxi Wuzhou International Columbus Plaza (Phase II)	248,387	415,235	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	95,705	—	—
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	69,308	57,120	80,207
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase III)	—	174,442	388,437
Meicun Wuzhou International Plaza	116,199	129,946	—
Yangjian Wuzhou International Plaza	—	190,997	326,571
Wuxi New District Columbus Plaza	—	330,499	501,480
Hangzhou Wuzhou International Plaza	229,233	257,892	356,373
Yancheng Wuzhou International Plaza	150,010	131,857	206,261
Huaian Wuzhou International Plaza	102,412	144,200	228,975
Luoshe Wuzhou Columbus Plaza	—	—	139,411
Rongchang Wuzhou Hardware Ornamental City	—	249,511	467,302
Dali Wuzhou International Trade City (Phase I Product Exhibition Hall)	—	163,953	23,036
Dali Wuzhou International Trade City (Phase II)	—	—	29,901
Nantong Wuzhou International Plaza	—	544,619	844,776
Leling Wuzhou International Ornamental City (Phase I)	—	—	36,897
Jianhu Wuzhou International Trade City (Phase I)	—	—	241,501
Xiangyang Wuzhou International Industrial Exhibition City	—	—	156,345
Yantai Wuzhou International Industrial Exhibition City (Fushan)	—	—	94,035
Total	**1,555,133**	**3,098,829**	**4,307,812**

Certain properties under development with carrying amounts of RMB172.1 million, RMB1,444.1 million and RMB2,491.9 million as of December 31, 2010, 2011 and 2012, respectively, were pledged to secure bank loans outstanding as of such dates.

Completed Properties Held for Sale

As of December 31, 2010, 2011 and 2012, our completed properties held for sale amounted to approximately RMB439.5 million, RMB462.7 million and RMB532.4 million, respectively. The following table sets forth the changes in our completed properties held for sale as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Carrying amount as of January 1	640,855	439,485	462,745
Additions due to acquisition of new subsidiaries	38,048	—	—
Transferred from properties under development	227,068	757,935	1,385,764
Transferred to investment properties	—	—	(316,253)
Transferred to property, plant and equipment	—	—	(5,650)
Transferred to cost of properties sold	(466,486)	(734,675)	(994,181)
Carrying amount as of year-end	**439,485**	**462,745**	**532,425**

The following table sets forth the details of carrying value of our completed properties held for sale as of the dates indicated:

	For the year ended December 31,		
Project	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City (Phase I)	109,169	103,542	—
Wuxi Wuzhou International Ornamental City (Phase II)	118,965	8,104	175
Wuxi Wuzhou International Ornamental City (Phase III)	—	9,454	681
Wuxi Wuzhou International Industrial Exhibition City (Phase I)	173,302	11,643	8,263
Wuxi Wuzhou International Industrial Exhibition City (Phase I Product Exhibition Hall A)	—	—	49,880
Wuxi Wuzhou International Industrial Exhibition City (Phase II)	—	210,615	23,821
Wuxi Wuzhou International Columbus Plaza (Phase I)	38,049	33,938	31,313
Wuxi Wuzhou International Columbus Plaza (Phase II)	—	—	288,770
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I)	—	49,200	1,885
Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase II)	—	36,249	1,809
Meicun Wuzhou International Plaza	—	—	15,885
Yangjian Wuzhou International Plaza	—	—	2,041
Dali Wuzhou International Trade City	—	—	107,902
Total	**439,485**	**462,475**	**532,425**

Our completed properties held for sale include properties that have been pre-sold but not delivered. For example, as of December 31, 2012, completed properties held for sale of Wuxi Wuzhou International Columbus Plaza (Phase II) and Dali Wuzhou International Trade City (Phase I) amounted to RMB107,134.1 million and RMB39,803.9 million, respectively, of which RMB55,608.5 million, or 51.2%, and RMB13,510.4 million, or 33.9%, respectively, had been pre-sold as of December 31, 2012.

The increases in completed properties held for sale were primarily due to an increase in amounts of completed properties transferred from properties under development, which was in turn due to our business expansion and completion of construction of Meicun Wuzhou International Plaza, Dali

Wuzhou International Trade City, Yangjian Wuzhou International Plaza and Wuxi Wuzhou International Columbus Plaza. The decreases in completed properties held for sale were primarily due to the delivery of such properties.

In order to attract potential purchasers and enhance their confidence in investing in our first project, Wuzhou International Ornamental City (Phase I), in 2007, we decided to offer purchasers of this specialized wholesale market project an option to sell back the properties to us at fixed repurchase prices during a one-month period starting from the fifth anniversary of the delivery date of the property. The repurchase prices were determined in reference to the purchase prices of the properties and, in addition, to provide the purchasers guaranteed investment returns, or approximately 60% of the respective purchase price. The aggregate value of these sales contracts was RMB170.4 million, representing an average selling price of RMB4,880 per sq.m. The aggregate repurchase price was approximately RMB270.0 million. The key terms of these sales contracts are similar to sales contracts we entered into without the option to sell back the properties to us, and the selling prices of properties sold with return clauses are comparable to those without return clauses, based on the selling prices of the properties in the same project and sold during the same period of time. Global Law Office, our PRC legal adviser, is of the opinion that the sales contracts with return clauses that we entered into before the Track Record Period may be considered as prohibited selling activities as property developers are not permitted to sell self-developed properties with return clauses under PRC laws. Global Law Office has confirmed that the maximum amount of fines that may be imposed on us for such sales contracts with return clauses would not exceed RMB30,000. In addition, we obtained a compliance certificate from the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City confirming that it would not impose any penalties in relation to such non-compliance. Global Law Office is of the opinion that the Housing and Real Estate Administration Bureau of Huishan District of Wuxi City is the competent authority in confirming our compliance status in this regard.

While we delivered the properties in Wuzhou International Ornamental City (Phase I) and the legal titles to these properties were transferred to the purchasers in 2007, sales proceeds from these properties of RMB170.4 million were recorded as advances from customers, and the corresponding costs of RMB100.3 million were recorded under completed properties held for sale, given that the purchasers had the option to sell back the properties to us. As of December 31, 2012, all options to sell back the properties to us had lapsed and none of the purchasers had exercised the option. Therefore, we recognized the revenue of RMB170.4 million, as well as the corresponding costs of RMB100.3 million in 2012, when all the risks and rewards of the ownership had been transferred to the purchasers.

We did not enter into any other arrangements with an option to sell back the properties to us and do not expect to enter into similar arrangements in the future.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables amounted to RMB398.6 million, RMB685.5 million and RMB696.5 million as of December 31, 2010, 2011 and 2012, respectively. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Prepayments for acquisition of land use rights	129,572	249,075	34,680
Deposits	45,520	203,098	391,322
Tax recoverable	82,584	104,337	127,582
Prepayments for construction cost	6,536	26,138	51,310
Other receivables, net of provision for impairment	134,361	102,879	91,559
Total	**398,573**	**685,527**	**696,453**

Prepayments for acquisition of land use rights represent refundable deposits we prepay to local land authorities after entering into land use rights grant contracts. The increases in prepayments for acquisition of land use rights from 2010 to 2011 were due to an increase in the number of land use rights grant contracts we entered into.

Deposits include the deposits paid for land acquisition, construction deposits and deposits under loans from trust institutions. The following table set forth a breakdown of our deposits as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Deposits paid for land acquisition	45,520	192,413	344,128
Construction deposits	—	6,396	26,914
Deposits under loans from trust institutions	—	4,289	20,280
Total	**45,520**	**203,098**	**391,322**

The increase in deposits from December 31, 2011 to December 31, 2012 was primarily due to deposits for our projects in Sheyang and Jilin as well as increases in construction deposits and deposits under loans from trust institutions as a result of our business expansion. The increase in deposits from December 31, 2010 to December 31, 2011 was primarily due to deposits for our projects in Jiangyin, Shenyang and Yixing.

Tax recoverable represents prepaid business taxes and other taxes related to properties sold that have not been delivered to the purchasers. The increases from December 31, 2010 to December 31, 2011 and to December 31, 2012 were mainly attributable to the increases in GFA sold but had not been delivered to purchasers.

The increases in prepayments for construction cost were mainly due to increases in the number of projects and GFA under development.

Other receivables mainly include prepaid expenses, advances to employees and advances to independent third parties. Advances to independent third parties amounted to RMB1.5 million as of December 31, 2012, all of which had been repaid. These advances were extended by us to satisfy temporary cash requirements of independent third parties, who are business acquaintances of the Controlling Shareholders. Global Law Offices, our PRC legal adviser, is of the opinion that the advances to third-party non-financial institutions, which amounted to RMB1.5 million as of December 31, 2012, were invalid. However, we will not be subject to any penalty as the advances were non-interest-bearing. Global Law Offices has confirmed that the advances to third-party individuals were in compliance with the relevant PRC laws and regulations. The Directors confirmed that, other than these advances, the Company does not have any past or present business relationships with such independent third parties. During the Track Record Period, we did not make any provision for impairment of other receivables.

Tax Recoverable

Tax recoverable represents prepaid income tax and LAT. Our tax recoverable amounted to RMB58.7 million, RMB103.3 million and RMB79.7 million as of December 31, 2010, 2011 and 2012, respectively. The increase in tax recoverable from December 31, 2010 to December 31, 2011 was primarily due to increases in prepaid income tax and LAT as a result of an increase in the sale of properties. The decrease in tax recoverable from December 31, 2011 to December 31, 2012 was primarily due to an increase in pre-paid LAT deducted from tax recoverable, as a result of increases in the GFA of properties delivered and revenue recognized in 2012.

Loan Receivables

Loan receivables include loans and advances to customers and accrued interest, net of impairment allowance on collective assessment. Our loan receivables amounted to RMB200.4 million, RMB310.6 million and nil as of December 31, 2010, 2011 and 2012, respectively. The decrease in loan receivables from December 31, 2011 to December 31, 2012 was primarily due to the disposal of Wuxi Small Credit in March 2012. The increase in loan receivables from December 31, 2010 to December 31, 2011 was primarily due to the business expansion of Wuxi Small Credit, which was established in June 2010 and disposed of in March 2012.

Trade and Bills Receivables

Trade and bills receivables primarily include receivables from rental income, the sale of properties, commercial management service income and property management income. Our trade and bills receivables amounted to RMB23.5 million, RMB56.6 million and RMB18.1 million as of December 31, 2010, 2011 and 2012, respectively. The decrease in trade and bills receivables from December 31, 2011 to December 31, 2012 was primarily due to our enhanced collection efforts. The increase in trade and bills receivables from December 31, 2010 to December 31, 2011 was primarily due to increases in receivables from rental income as a result of increases in GFA of our investment properties.

The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Less than 3 months	20,108	35,754	13,766
4 to 6 months	3,430	20,700	4,272
7 to 12 months	—	100	68
Total	**23,538**	**56,554**	**18,106**

Our trade and bills receivable turnover days were 6.4 days, 9.6 days and 6.0 days in 2010, 2011 and 2012, respectively. Turnover days of trade and bills receivables are derived by dividing the average of the beginning and the closing balances of trade and bills receivables for the relevant period by total revenue for the period and multiplying by the number of days in the period.

Trade and Bills Payables

Trade and bills payables primarily include payables to third-party suppliers and construction contractors. Our trade and bills payables amounted to RMB531.4 million, RMB981.3 million and RMB1,932.7 million as of December 31, 2010 and 2011 and 2012, respectively. The increases in trade and bills payables were primarily due to increases in amounts payable to contractors and suppliers as a result of increases in the number of projects and GFA under development. The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Less than one year	515,995	926,623	1,666,854
Over one year	15,367	54,630	265,833
Total	**531,362**	**981,253**	**1,932,687**

Our trade and bills payable turnover days were 298.1 days, 355.6 days and 505.3 days as of December 31, 2010, 2011 and 2012, respectively. Turnover days of trade and bills payables are derived by dividing the average of the beginning and the closing balances of trade and bills payables, which are affected by the scale of our development activities conducted during the relevant period, by cost of sales, which is affected by our properties completed and delivered during the period, and multiplying by the number of days in the period. The fluctuation in our trade payables turnover days during the Track Record Period was primarily due to the combined effect of our properties completed and delivered and project construction started and on-going during the respective periods.

Due to the timing mismatch between recording trade and bills payable and recognizing cost of sales, our trade and bills payable turnover days may continue to fluctuate significantly as a result of our development schedule. For example, if we significantly expand the scale of our development activities in a given period, our trade and bills payable turnover days will increase significantly.

Other Payables, Deposits Received and Accruals

Our other payables, deposits receivables and accruals amounted to RMB241.8 million, RMB470.6 million and RMB677.4 million, as of December 31, 2010, 2011 and 2012, respectively. The following table sets forth a breakdown of our other payables, deposits received and accruals as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Advances from non-controlling shareholders of subsidiaries	92,988	199,286	210,459
Advances from third parties	47,300	84,980	19,500
Deposits related to construction	2,869	60,972	106,728
Advances from government	40,000	11,680	11,680
Rental deposits	18,784	27,426	40,017
Payroll and welfare payables	9,369	22,077	37,122
Accruals	8,774	13,397	29,408
Business tax and surcharges	6,030	18,299	18,322
Deposits related to sales of properties	—	11,103	154,982
Maintenance funds	12,638	14,878	25,445
Others	3,068	6,541	23,731
Total	**241,820**	**470,639**	**677,394**

Advances from non-controlling shareholders of subsidiaries represent advances received from the minority shareholders of our subsidiaries in order to fund the development of projects by such subsidiaries. Global Law Offices, our PRC legal adviser, is of the opinion that the advances from non-controlling shareholders of subsidiaries which are non-financial institutions, which amounted to RMB172.0 million as of December 31, 2012, were invalid. However, the lenders will not be subject to any penalty as the advances were non-interest-bearing. Advances from the non-controlling shareholders of our subsidiaries, which are non-financial institutions, have been fully repaid. Global Law Offices has confirmed that the advances from the non-controlling individual shareholders of our subsidiaries, which amounted to RMB38.5 million as of December 31, 2012, were in compliance with the relevant PRC laws and regulations. Our advances from non-controlling shareholders of our subsidiaries increased from RMB93.0 million as of December 31, 2010 to RMB210.5 million as of December 31, 2012, primarily due to additional advances received as a result of our business expansion.

Deposits related to construction increased during the Track Record Period primarily due to increases in the number of projects and GFA under development.

Advances from third parties, representing advances received from independent third parties, amounted to RMB19.5 million as of December 31, 2012 and have been fully repaid. These advances were extended by independent third parties, who are business acquaintances of the Controlling Shareholders, to satisfy our temporary cash requirements. Global Law Offices, our PRC legal adviser, is of the opinion that the advances from third party non-financial institutions, which amounted to RMB19.5 million as of December 31, 2012, were invalid. However, the lenders will not be subject to any penalty as the advances were non-interest-bearing. Global Law Offices has confirmed that the advances from third party individuals were in compliance with the relevant PRC laws and regulations. The Directors confirmed that, other than these advances, the Company does not have any past or present business relationships with such independent third parties.

During the Track Record Period, we received an advance from government granted by Jiangxi Real Estate Co., Ltd., a state-owned enterprise, to support the development of our Wuxi Wuzhou International Industrial Exhibition City.

Rental deposits increased from RMB18.8 million as of December 31, 2010, to RMB27.4 million as of December 31, 2011, and to RMB40.0 million as of December 31, 2012, primarily due to increases in the number of lease agreements entered into during the respective periods.

Deposits related to sales of properties represent deposits paid by potential purchasers of our properties pursuant to legally binding subscription agreements they entered into with us in order to secure opportunities for purchasing our properties at the pre-sale stage. Under typical subscription agreements, potential purchasers are required to pay us a deposit, which will be applied to the purchase consideration if a sales contract is entered into between us and the potential purchasers within a certain period, typically within 15 days from the date of the subscription agreement. The deposits are non-refundable if the potential purchasers do not enter into sales contracts with us during the required period. We received deposits in connection with the sale of units in our projects, and we had obtained pre-sale permits for all of these projects when we received the deposits. Global Law Offices, our PRC legal adviser, is of the opinion that the practice of receiving deposits after obtaining pre-sale permits is in compliance with the relevant PRC laws and regulations. Such deposits increased from nil as of December 31, 2010 to RMB11.1 million as of December 31, 2011, and to RMB155.0 million as of December 31, 2012, primarily due to increases in both the number and GFA of properties for sale.

Advances from Customers

Advances from customers represent proceeds from the pre-sale of our properties and commercial management service income advanced from tenants as of the reporting dates. Our advances from customers amounted to RMB1,971.8 million, RMB2,434.3 million and RMB2,737.2 million as of December 31, 2010, December 31, 2011 and December 31, 2012, respectively, in which our advances received from pre-sales amounted to RMB1,920.1 million, RMB2,370.7 million and RMB2,661.3 million, respectively. Advances from customers increased during the Track Record Period primarily due to increases in both the number and GFA of properties for sale.

The following table sets forth a breakdown by project of our advances received from pre-sales as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou International Ornamental City	654,937	191,184	6,299
Wuxi Wuzhou International Industrial Exhibition City	864,592	827,874	25,991
Wuxi Wuzhou International Chinese Food Culture Exposition City	294,696	24,925	193,194
Wuxi Wuzhou International Columbus Plaza	105,834	356,247	241,816
Meicun Wuzhou International Plaza	—	311,456	178,895
Wuxi New District Columbus Plaza	—	116,223	386,608
Yangjian Wuzhou International Plaza	—	93,123	—
Dali Wuzhou International Trade City	—	278,682	137,403
Huaian Wuzhou International Plaza	—	34,715	113,897
Rongchang Wuzhou Hardware Ornamental City	—	136,235	275,545
Jianhu Wuzhou International Trade City (Phase I)	—	—	212,557
Yancheng Wuzhou International Plaza	—	—	281,780
Nantong Wuzhou International Plaza	—	—	160,412
Luoshe Wuzhou Columbus Plaza	—	—	99,979
Xiangyang Wuzhou International Industrial Exhibition City	—	—	234,851
Yantai Wuzhou International Industrial Exhibition City (Fushan)	—	—	112,081
Total	**1,920,059**	**2,370,664**	**2,661,308**

Amounts Due from and Due to Related Parties

As of December 31, 2010, 2011 and 2012, amounts due from related companies was RMB89.0 million, RMB53.2 million and RMB94.7 million, respectively. The following table sets forth the details of amounts due from related companies:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuzhou Int'l Group Investment	—	—	88
Wuxi Longhe	47,311	53,211	94,622
Wuxi Wuzhou Investment	30,104	—	—
Shenzhen Five Continents	11,608	—	—
Total	**89,023**	**53,211**	**94,710**

Prior to our restructuring in 2011, Wuxi Wuzhou Investment was our holding company and managed capital for members of our Group. We advanced capital to Wuxi Wuzhou Investment from time to time to satisfy cash requirements of other members of the Group. Upon the completion of restructuring, Wuxi Wuzhou Investment is no longer a member of our Group and, therefore, amounts due from Wuxi Wuzhou Investment as of 2010 were recorded as amounts due from related companies.

The amounts due from Wuxi Longhe increased from RMB47.3 million as of December 31, 2010 to RMB94.6 million as of December 31, 2012, primarily due to additional advances received from the minority shareholders. The amounts due from Wuxi Longhe have been repaid.

As of December 31, 2010, 2011 and 2012, amounts due from a related party was RMB33.0 million, RMB8.0 million and nil, respectively, primarily due to advances to a related party, Ms. Qi Xueqing, who is the wife of Mr. Shu Cewan.

The amounts due from related companies have been repaid.

As of December 31, 2010, 2011 and 2012, amounts due to related companies was nil, RMB324.3 million and RMB214.0 million, respectively. The following table sets forth the details of amounts due to related companies:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Wuxi Wuzhou Investment	—	176,376	213,680
Shenzhen Five Continents	—	147,916	300
Total	**—**	**324,292**	**213,980**

The amounts due to Wuxi Wuzhou Investment increased from RMB176.4 million as of December 31, 2011 to RMB213.7 million as of December 31, 2012, representing an increase of RMB37.3 million, primarily because the amounts due to Wuxi Wuzhou Investment as of December 31, 2012 included dividends of RMB172.1 million.

The amounts due to Shenzhen Five Continents in 2011 was primarily due to the prepayment of land premium for Wuxi New District Columbus Plaza by Shenzhen Five Continents, which have been repaid.

As of December 31, 2010, 2011 and 2012, amounts due to a related party was nil, RMB5.0 million and nil, respectively, primarily representing the outstanding amount of the loans granted by Ms. Zhu Lijuan.

As of December 31, 2010, 2011 and 2012, amounts due to shareholders was RMB102.7 million, RMB247.2 million and RMB18.1 million, respectively, primarily representing the outstanding amount of the shareholder loans granted by Shu Cecheng and Mr. Shu Cewan.

The amounts due to related companies and shareholders have been repaid through our cash flows from operating activities.

Interest-bearing Bank Loans and Other Borrowings

As of December 31, 2010, 2011 and 2012, our current interest-bearing bank loans and other borrowings amounted to RMB174.4 million, RMB371.4 million and RMB772.5 million, respectively, and our non-current interest-bearing bank loans and other borrowings amounted to RMB147.6 million, RMB851.9 million and RMB1,627.1 million, respectively. The increases in interest-bearing bank loans and other borrowings from 2010 to 2012 was primarily due to an increased demand for capital as a result of our expanded business and property construction.

LIQUIDITY AND CAPITAL RESOURCES

We primarily use cash to pay for construction costs, land acquisition costs, and finance costs, to service our indebtedness and to fund working capital requirements. To date, we have primarily financed our expenditures through internally generated cash flows, proceeds from the pre-sale and sale of properties and borrowings from commercial banks and trust institutions. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of sources including proceeds from the Global Offering, project construction loans and mortgage loans, cash provided by operating activities, including the sale and pre-sale of properties, rental income, commercial management service income, property management income and additional offerings of equity securities or other capital market instruments.

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

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

Operating Activities

We derive cash flows from operating activities primarily from the property sales, rental income, commercial management service income and property management income. Cash used in operating activities reflects our investments in property developments and payments of income taxes.

In 2012, our net cash flows from operating activities were RMB52.9 million, primarily attributable to (i) an increase in trade and bills payables of RMB796.5 million, as a result of an increase in construction payments for new projects, (ii) an increase in advances from customers of RMB302.9 million as a result of an increase in the number of pre-sale projects, and (iii) an increase in other payables, deposits received and accruals of RMB209.8 million, as a result of an increase in deposits from tenants, contractors and purchasers, partially offset by an increase in properties under development and for sale of RMB1,328.3 million, relating to land acquisition costs and construction costs for Rongchang Wuzhou Hardware Ornamental City, Jianhu Wuzhou International Trade City, Leling Wuzhou International Ornamental City and Yancheng Wuzhou International Plaza.

In 2011, our net cash flows used in operating activities were RMB734.2 million, primarily attributable to an increase in properties under development and for sale of RMB1,207.3 million relating to land acquisition costs and construction costs for Rongchang Wuzhou Hardware Ornamental City, Nantong Wuzhou International Plaza and Yangjian Wuzhou International Plaza, Dali Wuzhou International Trade City and Wuxi Wuzhou International Columbus Plaza (Phase II), partially offset by an increase in advances from customers of RMB462.5 million, as a result of the pre-sales of units in Meicun Wuzhou International Plaza and Wuxi Wuzhou International Columbus Plaza (Phase II).

In 2010, our net cash flows used in operating activities were RMB318.3 million, primarily attributable to (i) an increase in properties under development and for sale of RMB526.4 million relating to land acquisition costs and construction costs for Wuxi Wuzhou International Industrial Exhibition City, Wuxi Wuzhou International Chinese Food Culture Exposition City, Hangzhou Wuzhou International Plaza, Yancheng Wuzhou International Plaza and Huaian Wuzhou International Plaza, and (ii) a decrease in other payables, deposits received and accruals of RMB292.8 million relating to a repayment of shareholder loan from Jiangxi Real Estate Co., Ltd., partially offset by an increase in advances from customers of RMB470.2 million, as a result of the pre-sales of units in Wuxi Wuzhou International Ornamental City, Wuxi Wuzhou International Columbus Plaza (Phase I) and Wuxi Wuzhou International Chinese Food Culture Exposition City (Phase I).

Investing Activities

In 2012, our net cash flows used in investing activities were RMB434.4 million, primarily attributable to (i) an advance to related companies of RMB695.8 million, and (ii) an increase in investment properties of RMB434.9 million, partially offset by a recovery of advances to related companies of RMB580.7 million.

In 2011, our net cash flows used in investing activities were RMB291.8 million, primarily attributable to (i) an advance to related companies of RMB409.1 million, (ii) an increase in investment properties of RMB91.4 million, and (iii) purchases of property, plant and equipment of RMB64.0 million, partially offset by a recovery of advances to related companies of RMB260.5 million.

In 2010, our net cash flows from investing activities were RMB100.0 million, primarily attributable to a recovery of advances to related companies of RMB440.8 million, partially offset by (i) advances to related companies of RMB183.8 million, and (ii) an increase in investment properties of RMB107.5 million.

Financing Activities

Our cash flows from financing activities are mainly generated from bank loans and other borrowings, contributions by equity holders and cash advances from related parties. Our cash inflows from financing activities are mainly offset by repayments of bank loans and other borrowings and repayments of cash advances made to related parties.

In 2012, our net cash flows from financing activities were RMB621.2 million, primarily attributable to (i) advances from related companies of RMB2,292.1 million and (ii) proceeds from bank loans and other borrowings of RMB1,719.2 million, partially offset by a repayment of advances from related companies of RMB2,112.2 million.

In 2011, our net cash flows from financing activities were RMB1,366.8 million, primarily attributable to (i) proceeds from bank loans and other borrowings of RMB1,088.0 million, and (ii) advances from related companies of RMB874.1 million, partially offset by a repayment of advances from related companies of RMB566.5 million.

In 2010, our net cash flows from financing activities were RMB212.8 million, primarily attributable to (i) advances from related companies of RMB249.3 million, (ii) advances from Shareholders of RMB93.7 million, and (iii) capital contributions from non-controlling interest of RMB66.8 million, partially offset by the repayment of advances from related companies of RMB252.0 million.

INDEBTEDNESS, NET CURRENT ASSETS AND CONTINGENT LIABILITIES

Indebtedness

The following table sets forth a breakdown of our secured bank loans and other borrowings as of the dates indicated:

	As of December 31,			As of March 31,
	2010	2011	2012	2013 (unaudited)
	(RMB in thousands)			
Bank loans-secured	322,000	829,340	1,638,420	1,937,380
Bank loans-unsecured	—	—	83,500	82,300
Other borrowings-secured	—	394,000	677,640	627,640
Total	**322,000**	**1,223,340**	**2,399,560**	**2,647,320**

Our bank loans and other borrowings during the Track Record Period were denominated in Renminbi. Our total outstanding bank loans and other borrowings amounted to RMB322.0 million, RMB1,223.3 million, RMB2,399.6 million and RMB2,647.3 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. We did not encounter any difficulties in obtaining bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

In addition to bank loans, we entered into six loans with trust institutions during the Track Record Period and up to March 31, 2013, of which four loans were outstanding as of March 31, 2013. While the interest rates of loans with trust institutions are typically two to 12 percentage points higher than those of bank loans, we chose to obtain loans with trust institutions as an alternative source of funding for some of our projects during the Track Record Period and up to March 31, 2013 to take advantage of their flexible terms and security structure and more favorable timing of funding, as compared to bank loans, which help diversify our financing channels. Unlike terms and security structures of bank loans which are subject to rigid regulatory requirements and internal compliance procedures, loans with trust institutions, on the other hand, are negotiable with varying and flexible structures. Our loans with trust institutions are specifically negotiated to fit the capital structure of the project company, the risk-return profile of the project and the funding requirements of our project development process. Moreover, funds under loans with trust institutions are provided in lump sums which are more favorable as compared to bank loans where funds are typically provided in tranches and upon satisfaction of various documentation and financial performance requirements. As an alternative financing channel, loans with trust institutions not only allow us to obtain external financing but also mitigate the policy risks in banking loans which are heavily regulated.

The interest rates of loans with trust institutions usually do not link to the PBOC benchmark interest rates but depend largely on the market condition. The following table sets forth the effective interest rates of bank loans and loans with trust institutions:

Type of financing	**For the year ended December 31, 2010**	**For the year ended December 31, 2011**	**For the year ended December 31, 2012**	**For the three months ended March 31, 2013 (unaudited)**
	(%)	(%)	(%)	(%)
Bank loans	5.67-7.04	6.75-11.48	6.55-10.50	5.10-10.50
Loans with trust institutions	—	13.00-16.00	13.00-16.80	13.00-16.80

During the Track Record Period and up to the Latest Practicable Date, we had not defaulted on our repayments or other obligations in any material respect under the loans with trust institutions. In the event that we fail to satisfy our repayment obligations, we may lose ownership of the relevant project companies. Please refer to the section headed "Risk Factors — We maintain a substantial level of indebtedness, which may affect our business, financial condition, results of operations and prospects" for further details.

As of December 31, 2011, December 31, 2012 and March 31, 2013, our loans with trust institutions amounted to RMB394.0 million, RMB677.6 million and RMB627.6 million, respectively. The terms of these loans range from 12 months to 24 months, with interest rates ranging from 13.0% to 16.8% per annum. Under these loans, equity interests in, or the land use rights held by, the borrowing project companies and their affiliates are pledged to the trust institutions as collateral to secure our repayment obligations. While consent from the trust institutions is required for material corporate actions, such as mergers and liquidation proceedings, the trust institutions do not have any right in respect of the day-to-day operation and management of our project companies and their businesses. No special rights such as nomination of directors or veto rights are granted to the trust institutions.

The following table sets forth details of our loans with trust institutions during the Track Record Period and up to March 31, 2013:

Entity obtaining trust loans	Trust institution	Term of trust loans	Principal amount of trust loans	Interest rate	Equity interests or land use rights (as applicable) pledged as collateral
			(RMB million)	(% of principal amount of trust loans)	
Wuxi Property Investment	LuJiaZui International Trust Corporation Limited	Jul 10, 2012 – Jul 9, 2014	393.6	16.8%	Land use rights in certain land parcels and relevant properties under construction held by Wuxi Property Investment; land use rights in certain land parcels held by Wuxi Zhongnan and Nantong Wuzhou; 100% equity interests in Wuxi Property Investment held by Wuxi Wuzhou Ornament City
Wuxi Wuzhou Ornament City	Daye Trust Co., Ltd.	Oct 26, 2011 – Apr 25, 2013	94.0	13.0%	Land use right in a land parcel held by Xuyi Wuzhou
Wuxi Longxiang	Chang'an International Trust Co., Ltd.	May 10, 2012 – Nov 9, 2013	90.0	14.8%	Land use rights in certain land parcels and properties held by Wuxi Longxiang
Wuxi Longan	Gansu Trust Co., Ltd.	Jul 29, 2011 – Jul 28, 2012	200.0	16.0%	Land use rights in certain land parcels and properties under construction held by Wuxi Longan
Wuxi Longxiang	Guolian Trust Co., Ltd.	Mar 24, 2011 – Mar 24, 2013	100.0	13.0%	Land use rights in certain land parcels and properties held by Wuxi Longxiang
Yantai Wuzhou Property	Anhui Guoyuan Trust Co., Ltd.	Mar 5, 2013 – Mar 4, 2014	50.0	13.0%	Land use rights in certain land parcels and properties held by Dali Wuzhou and Rongchang Wuzhou

Global Law Office, our PRC legal adviser, has confirmed that the six loans we entered into with trust institutions during the Track Record Period and up to March 31, 2013 were in compliance with the relevant PRC laws and regulations.

Loans with trust institutions represented 23.7% of our total bank loans and other borrowings as of March 31, 2013. We plan to continue to control the aggregate amount of loans with trust institutions and keep its proportion to our total bank loans and other borrowings at the current level. We also do not expect to rely on loans with trust institutions to finance our future property developments. Therefore, our Directors do not expect loans with trust institutions to have a significant impact on our interest expenses and profitability.

Most of our bank loans and other borrowings were secured by our assets, including property, plant and equipment, investment properties, prepaid land lease payment, properties under development, completed properties held for sale and pledged deposits, with an aggregate carrying amount of RMB765.8 million, RMB2,260.8 million, RMB4,127.1 million and RMB3,824.8 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. There are no additional material covenants relating to our outstanding bank loans and other borrowings. None of our current credit facility commitment letters contains any covenants on financial ratios, including gearing ratio and debt-to-equity ratio, that would prevent us from using our unutilized banking facilities. During the Track Record Period and up to the Latest Practicable Date, we had not defaulted on our repayments or other obligations in any material aspect under our loan agreements.

The effective interest rates of our bank loans and other borrowings ranged from 5.67% to 7.04% per annum, 6.75% to 16.00% per annum, 6.55% to 16.8% per annum and 5.10% to 16.80% per annum in 2010, 2011, 2012 and three months ended March 31, 2013, respectively.

The following table sets forth a breakdown of our bank loans and other borrowings by maturity date as of the dates indicated:

	As of December 31,			As of March 31,
	2010	2011	2012	2013 (unaudited)
	(RMB in thousands)			
Repayable within one year	174,400	371,400	772,480	768,140
Repayable within two to five years	57,600	740,300	1,416,240	1,637,740
Repayable over five years	90,000	111,640	210,840	241,440
Total	**322,000**	**1,223,340**	**2,399,560**	**2,647,320**

Except as disclosed above and other than intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits of hire purchase commitments as of March 31, 2013.

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2010	2011	2012	2013 (unaudited)
	(RMB in thousands)			
CURRENT ASSETS				
Inventories	—	2,397	1,251	1,060
Properties under development	1,555,133	3,098,829	4,307,812	4,397,732
Completed properties held for sale	439,485	462,745	532,425	1,116,059
Equity investments at fair value through profit or loss	11,156	—	—	—
Trade and bills receivables	23,538	56,554	18,106	37,510
Due from related companies	89,023	53,211	94,710	88
Due from a related party	32,956	7,974	—	—
Due from a shareholder	—	—	—	—
Prepaid land lease payments	223,633	127,575	600,441	582,513
Prepayments, deposits and other receivables	398,573	685,527	696,453	815,383
Tax recoverable	58,679	103,282	79,668	97,444
Loan receivables	200,413	310,576	—	—
Pledged deposits	36,225	48,917	26,971	315,221
Restricted cash	1,900	42,011	126,800	113,061
Cash and cash equivalents	174,963	515,781	755,451	424,983
Total current assets	**3,245,677**	**5,515,379**	**7,240,088**	**7,901,054**
CURRENT LIABILITIES				
Trade and bills payables	531,362	981,253	1,932,687	1,806,618
Other payables, deposits received and accruals	241,820	470,639	677,394	765,833
Advances from customers	1,971,779	2,434,284	2,737,177	3,305,800
Due to related companies	—	324,292	213,980	277,184
Due to a related party	—	5,000	—	—
Due to shareholders	102,705	247,215	18,136	18,064
Interest-bearing bank and other borrowings	174,400	371,400	772,480	768,140
Tax payable	73,181	200,518	465,811	418,381
Total current liabilities	**3,095,247**	**5,034,601**	**6,817,665**	**7,360,020**
NET CURRENT ASSETS	**150,430**	**480,778**	**422,423**	**541,034**

We centrally manage our working capital to ensure proper and efficient collection and deployment of our funds.

We carefully consider our cash position and ability to obtain further financing when making significant capital commitments and arranging payments for land acquisition costs and construction costs. Given suitable opportunities, we also intend to access the capital markets through further equity or equity-linked capital-raising or debt-related capital-raising.

In addition, we seek to manage our future cash flows and reduce our exposure to unexpected adverse changes in economic conditions through a number of alternative plans, including adjusting our development schedule to ensure that we have available resources to finance our projects, implementing cost control measures, disposing of selected investment properties at commercially desirable prices, and renegotiating payment terms with counterparties in certain contractual land acquisition arrangements, as necessary. As a result of the foregoing and our net proceeds from the Global Offering, we expect that our liquidity position will improve after the Global Offering.

Taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flows from our operations, our Directors are of the view that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

We had net current assets of RMB150.4 million, RMB480.8 million, RMB422.4 million and RMB541.0 million as of December 31, 2010, 2011 and 2012 and March 31, 2013, respectively. As of December 31, 2010, 2011 and 2012 and March 31, 2013, our aggregate cash denominated in Renminbi amounted to RMB175.0 million, RMB515.8 million, RMB755.5 million and RMB425.0 million, respectively.

As of March 31, 2013, we had available and undrawn credit facilities of RMB1,567 million.

Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to the acquisition of land use rights and construction and development of our investment properties and purchase of property, plant and equipment. In 2010, 2011 and 2012, we incurred capital expenditures of RMB1,241.9 million, RMB2,353.9 million and RMB3,442.2 million, respectively.

Contractual Commitments

During the Track Record Period, our contractual commitments consisted primarily of operating lease commitments and capital commitments we made in relation to land acquisitions and construction costs for our properties under development.

Operating Lease Commitments

We lease out a number of our investment properties under operating lease arrangements with terms ranging from one to 20 years. Under these leases, the tenants are generally required to pay security deposits and rents subjects to periodic adjustments to reflect the then prevailing market conditions.

The following table sets forth our future minimum lease payment receivables under non-cancellable operating leases as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Within one year	2,922	6,036	60,581
In the second to fifth years, inclusive	32,237	90,056	265,122
After five years	262,314	531,527	821,723
Total	**297,473**	**627,619**	**1,147,426**

We also lease certain of our office properties under operating lease arrangements. The leases typically have an initial term of one to three years, with an option for renewal based on renegotiated lease terms.

The following table sets forth our future minimum lease payment payables under non-cancellable operating leases as of the dates indicated:

	As of December 31,		
	2010	2011	2012
	(RMB in thousands)		
Within one year	810	6,728	4,731
In the second to fifth years, inclusive	—	5,183	5,260
After five years	—	—	180
Total	**810**	**11,911**	**10,171**

Capital Commitments

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

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

The following table sets forth a breakdown of our capital commitments for acquisition of land by project phase as of the dates indicated:

Project	December 31, 2010	December 31, 2011	December 31, 2012
		(RMB in thousand)	
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)	—	21,892.1	—
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	—	19,500.0	—
Sheyang Wuzhou International Plaza (射陽五洲國際廣場)	—	—	51,160.0
Qianzhou Wuzhou International Plaza (前洲五洲國際廣場)	—	—	82,720.0
Total	**—**	**41,392.1**	**133,880.0**

The following table sets forth a breakdown of our capital commitments for property development activities by project phases as of the dates indicated:

Project Phase	December 31, 2010	December 31, 2011	December 31, 2012
		(RMB in thousand)	
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)			
Phase II	51,204.5	—	—
Phase III	—	52,262.9	—
Phase IV	—	—	75,740.8
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)			
Phase II	248,066.4	—	—
Phase I Hall A	—	57,032.0	—
Phase II Hall C			50,786.5
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	—	—	1,506.0
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)			
Phase I	110,370.4	—	—
Phase II	—	171,000.0	—
Phase III			167,740.2
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	114,852.3	17,890.8	10,334.2
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場) Phase II	—	—	78,855.4
Nantong Wuzhou International Plaza (南通五洲國際廣場) Northern Area	—	—	489,738.5
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	—	—	166,370.9
Huaian Wuzhou International Plaza (淮安五洲國際廣場) Phase I	—	—	39,077.5
Wuxi New District Columbus Plaza (無錫新區哥倫布廣場)	—	—	46,441.2
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城) Phase I	—	—	45,468.9
Luoshe Wuzhou Columbus Plaza (洛社五洲哥倫布廣場)	—	—	40,382.6
Dali Wuzhou International Trade City (大理五洲國際商貿城)			
Phase I	—	22,991.3	—
Phase II	—	—	33,661.8
Rongchang Wuzhou Hardware Ornamental City (榮昌五洲五金裝飾城) Phase I	—	—	75,759.2
Hangzhou Wuzhou International Plaza (杭州五洲國際廣場)	20,653.6	182,336.1	176,100.1
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城(福山))	—	—	17,584.2
Leling Wuzhou International Ornamental City (樂陵五洲國際裝飾城) Phase I	—	—	21,789.6
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	—	—	92,687.3
Total	**545,147.2**	**503.513.1**	**1,630,024.7**

Contingent Liabilities

In accordance with market practice, we make arrangements with various PRC banks to provide mortgage facilities to the purchasers of our completed properties. Guarantees for mortgages on completed properties begin simultaneously with the respective mortgages, and are generally discharged at the earlier of:

- when the property ownership certificates are submitted to the mortgagee banks; or
- when the purchaser pays off the total amount of the mortgage.

If a purchaser defaults on the mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee bank has the right to auction the underlying property and recover the balance from us if the outstanding balance exceeds the net proceeds from foreclosure. In line with industry practice, we do not conduct independent credit checks on the purchasers of our properties, but rely on credit checks conducted by the mortgagee banks. As of December 31, 2010, 2011 and 2012, the outstanding guarantees for mortgage loans made by purchasers of our properties were RMB217.9 million, RMB185.9 million and RMB518.6 million, respectively. Our Directors are of the view that in case of defaults on payments, the net realizable value of the related properties will be sufficient to cover the repayments of the outstanding mortgage loans together with any accrued interests and penalties and, therefore, no provision has been made in connection with the guarantees provided by us.

In addition, we also provided guarantees to banks in connection with banking facilities granted to selected occupiers of our projects who have demonstrated proven operating history and credit worthiness, all of whom are independent third parties, to enhance our relationships with our occupiers. We did not receive any consideration for such guarantees and we do not plan to provide additional guarantees to our occupiers in the future. As of December 31, 2010, 2011 and 2012, the outstanding amount of such guarantees were RMB50.0 million, RMB90.0 million and RMB35.0 million. The Directors consider that no provision is required in respect of the guarantees and such guarantees have been released. As of December 31, 2012, except as disclosed above, we had not guaranteed the indebtedness of any independent third parties.

We provided guarantees to banks in connection with banking facilities granted to Jiujiang Meijite Credit. As of December 31, 2010, 2011 and 2012, the outstanding amount of such guarantees were nil, nil and RMB56.0 million, respectively. Such guarantees were released in March 2013.

Our Directors confirm that there has not been any material adverse change in our indebtedness or contingent liabilities since December 31, 2012.

Off-balance Sheet Arrangements

Except for the contingent liabilities disclosed, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

KEY FINANCIAL RATIOS

The following tables set forth our key financial ratios as of the dates or for the periods indicated:

	As of December 31,		
	2010	2011	2012
Current ratio(1)	104.9%	109.5%	106.2%
Quick ratio(2)	33.2%	36.2%	26.4%

Notes:

(1) Current ratio is calculated based on the total current assets divided by total current liabilities as of the end of the respective year.

(2) Quick ratio is calculated based on the current assets less inventories, properties under development, completed properties held for sale and prepaid land lease payments divided by current liabilities as of the end of the respective year.

During the Track Record Period, we expanded the scale of our project development, which led to increases in properties under development and completed properties held for sale, as well as increases in current liabilities, resulting in decreases in current ratio and quick ratio.

	For the year ended December 31,		
	2010	2011	2012
Return on equity(1)	33.3%	29.8%	45.8%
Return on assets(2)	6.8%	5.1%	7.2%

Notes:

(1) Return on equity is calculated by dividing net profit for the year/period by total equity as of the end of the respective year.

(2) Return on assets is calculated by dividing net profit for the year/period by total assets as of the end of the respective year.

During the Track Record Period, as the number of properties we delivered increased, our net profit also increased, which in turn led to increases in return on equity and return on assets.

	As of December 31,		
	2010	2011	2012
Gearing ratio(1)	37.0%	97.7%	145.9%
Debt to equity ratio(2)	16.9%	56.5%	99.9%
Net gearing ratio(3)	83.5%	86.3%	84.6%
Interest coverage(4)	31.8	8.1	7.6

Notes:

(1) Gearing ratio is calculated based on total debt divided by total equity as of the end of the respective year.

(2) Debt to equity ratio is calculated based on the net debt divided by total equity as of the end of the respective year.

(3) Net gearing ratio is calculated based on net debt (including interest-bearing bank loans and other borrowings, trade and other payables, advances from customers, amounts due to related companies, a related party and shareholders less cash and cash equivalents) divided by total capital (including equity attributable to owners of the parent) plus net debt as of the end of the respective year.

(4) Interest coverage is calculated based on profit before interest and tax divided by interest as of the end of the respective year.

During the Track Record Period, we mainly used bank loans and borrowings to finance our project development, which resulted in increases in debt and debt to equity ratio. In addition, an increase in debt during the Track Record Period also resulted in a decrease in profit before interest and tax and, consequently, a decrease in interest coverage.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks, including credit risk, foreign exchange risk, interest rate risk, liquidity risk, commodity risk and inflation in the normal course of our business.

Interest Rate Risk

Our interest rate risk relates primarily to our interest-bearing secured bank deposits and other interest-bearing borrowings. The interest rates of our bank loans were determined and adjusted according to the benchmark one-year interest rate announced by the PBOC, which was 5.81%, 6.56% and 6.31% in 2010, 2011 and 2012, respectively. We currently have not entered into interest rate swaps to hedge against our exposure to changes in fair values of our borrowings. It is our policy to maintain an appropriate level between our fixed-rate and variable rate borrowings so as to balance the fair value and cash flow interest rate risk.

In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations.

We currently do not use any derivative instruments to manage our interest rate. To the extent we decide to do so in the future, there can be no assurance that any future hedging activities will protect us from fluctuations in interest rates.

Liquidity Risk

We review our liquidity position on an on-going basis, including expected cash flows, sale/pre-sale results of our respective property projects, maturity of loans and the progress of planned property development projects.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that movement in foreign currency exchange rates will affect our financial results and cash flows.

Most of our operating expenses, including our operating and administrative costs are denominated in Renminbi, and we collect most of our revenue in Renminbi. We expect to continue to incur a significant portion of our costs, and to recognize revenue, in Renminbi. As a result, our management does not believe we are exposed to significant foreign exchange risk.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than Renminbi and, thereby, may increase our exposure to fluctuations on exchange rates. In order to manage the risk of currency fluctuations, we may, as we deem appropriate, enter into forward exchange contracts to hedge actual transactions for larger contracts. Our policy is not to take speculative positions through forward currency contracts and we have not engaged in any foreign currency hedging activities as at the date of this prospectus.

DIVIDEND POLICY

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

Except insofar as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

Our Directors may deduct from any dividend or money payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to us on account of calls or otherwise. In addition, the declaration of dividends is subject to the discretion of our Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our Shareholders; and
- any other factors which the Board may deem relevant.

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from IFRSs. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

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

DISTRIBUTABLE RESERVES

As of December 31, 2012, our reserves available for distribution to our equity holders amounted to approximately RMB234.4 million.

LISTING EXPENSES

We have incurred listing expenses of RMB20.2 million, which have been charged to our administrative expenses during the Track Record Period. We expect to incur further expenses amounting to RMB20.0 million, which will be charged to our administrative expenses in 2013. The Directors do not expect such expenses to have a material adverse impact on our results of operations for the year ending December 31, 2013.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Listing as if the Listing had taken place on December 31, 2012.

It is based on our net tangible assets as of December 31, 2012 contained in Appendix II to this prospectus and adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as of December 31, 2012(1)	Forecast net proceeds from Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets(4)	Unaudited pro forma adjusted consolidated net tangible assets per Share(3),(4)	Unaudited pro forma adjusted consolidated net tangible assets per Share(3),(4)
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer price of HK$1.15 per Share	1,315,206	998,259	2,313,465	0.51	0.64
Based on an Offer price of HK$1.50 per Share	1,315,206	1,308,294	2,623,500	0.57	0.72

Notes:

(1) Our audited consolidated net tangible assets as of December 31, 2012 is extracted from the Accountants' Report set out in Appendix I which is equal to the audited consolidated net assets attributable to owners of our Company of RMB1,319,693,000 as of December 31, 2012 less intangible assets of RMB4,487,000 as of the same date.

(2) The forecast net proceeds from the Global Offering are based on an indicative Offer Price of HK$1.15 to HK$1.50 per Share being the low end and high end of the stated Offer Price range, after deduction of the underwriting fees and related expenses payable by our Company and taking no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or Shares which may be allotted and issued or purchased by our Company pursuant to the general mandate for the allotment and issue or purchase of Shares referred to in "Appendix VII — Statutory and General Information — Further information about our Group — Resolutions of our Shareholders passed on May 27, 2013". The estimated net proceeds are converted into Renminbi at the rate of HK$1=RMB0.79855. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at the rate or at any other rates or at all.

(3) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after making the adjustment referred to in this section above and on the basis that 4,562,901,914 Shares are in issue immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and the Pre-IPO Share Option).

(4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2012.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

As of the date of this prospectus, the Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of the Company since December 31, 2012, the date of the latest audited financial statements of the Company.

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2012, and there is no event since December 31, 2012 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

PROPERTY VALUATION RECONCILIATION

The statement below shows the reconciliation of aggregate amounts of certain properties as reflected in the audited consolidated financial information as of December 31, 2012 as set out in Appendix I to this prospectus with the valuation of these properties as of February 28, 2013 as set out in Appendix III to this prospectus.

	(RMB in thousands)
Net book value of the following properties as of December 31, 2012	
— Properties under development	4,307,812
— Completed properties held for sale	532,425
— Investment properties	2,572,100
— Property, plant and equipment (only including buildings and construction in progress)	204,001
— Prepaid land lease payments	681,224
	8,297,562
Add: Additions during the period from January 1, 2013 to February 28, 2013	520,865
Less: Disposal during the period from January 1, 2013 to February 28, 2013	(184,050)
Net book value of the properties as of February 28, 2013	8,634,377
Net valuation surplus	9,247,223
Market value of properties as of February 28, 2013 as set out in the property valuation report in Appendix III to this prospectus	**17,881,600**