You should carefully read and consider all of the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties and you may lose all or part of your investment as a result.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

We are dependent on economic growth, especially growth in the consumer economy, in China, particularly in Central China where we have substantially all of our operations.

We depend on continued economic growth in China, particularly in Central China, where we currently conduct substantially all of our business operations. As a developer and operator of large-scale, consumer product-focused wholesale shopping malls, we also depend on growth in the consumer economy in Central China. For instance, the North Hankou Project, our flagship project, is situated in Wuhan, Hubei Province in Central China. Unlike the more developed coastal regions of China, Central China has remained relatively under-developed over the years and has only recently become a focal point in the development plans of the PRC Government. Economic development in Central China requires significant infrastructural ground work to be laid. In addition, in our business model, after we complete the development of large-scale wholesale shopping mall units, we primarily sell them to suppliers, manufacturers and distributors of consumer products and SMEs and keep a portion as investment properties for leasing. We also operate and manage our wholesale shopping malls. The demand for the wholesale shopping mall units offered by us and the success of our business model depend on the development of a consumer-driven economy and the consumer products wholesale market in China. Any economic downturn in China, particularly in Central China, or a failure by the PRC Government to develop a consumer-driven economy from an export-reliant economy, could materially and adversely affect our business, financial condition and results of operations. Subsequent to the global financial crisis in 2008 and 2009, the PRC Government has been endeavoring to develop an economy driven mostly by domestic consumption rather than export. However, the success of this development strategy is closely linked to people's spending and saving habits, and China has traditionally been one of the economies in the world with low level of per capita consumption and high savings rates. If a consumer-driven economy fails to develop sufficiently in China as expected demand for our wholesale shopping mall properties from owners and tenants may weaken or lapse. Furthermore, our wholesale shopping mall business is capital intensive and reliant on cash flows from payments from our customers for purchasing or leasing our wholesale shopping mall units. Any negative trend in the general economic environment in China or Central China or in the operating conditions in the consumer products wholesale shopping mall market may materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to extensive governmental regulation, and we are particularly susceptible to changes in policies related to the real estate industry in China.

Our business of developing and operating wholesale shopping malls, as well as certain other commercial and residential projects, is extensively regulated in China. Like other PRC property developers, we must comply with various requirements mandated by PRC laws and regulations, including policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC Government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Various political, economic and social factors may lead to further adjustments and changes of such policies.

The pre-sale practice constitutes an important source of funding for property developments in China. Pursuant to the current PRC laws and regulations, a commodity property project may be sold before completion if (i) the developer has paid the land premium and other fees in full for the underlying land use rights and has obtained the relevant land use rights certificate, (ii) it has obtained the construction land planning permit and the construction permit, (iii) the funds it has invested in the development of the property project represent 25% or more of the total investment required for the project, (iv) the construction progress as well as the project completion and delivery dates have been properly ascertained, and (v) it has obtained the pre-sale permit. Like other property developers in China, we depend on cash flows from pre-sale of properties for our property development. In August 2005, PBOC issued a report entitled "2004 Real Estate Financing Report"《2004 房地產金融報告》in which it recommended discontinuing the practice of pre-selling uncompleted properties as it believed that such practice created significant market risks and generated transactional irregularities. There can be no assurance that the PRC Government will not adopt such recommendations and abolish the practice of pre-selling uncompleted properties or formulate and implement other restrictions on property pre-sales, such as imposing additional conditions for obtaining the pre-sale permits or on the use of pre-sale proceeds. Any such measures will adversely affect our cash flow position and force us to seek alternative sources of funding to finance our project developments.

We cannot assure you that the PRC Government will not adopt additional and more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

We currently depend on the development of properties within our North Hankou Project and No.1 Enterprise Community for substantially all of our turnover.

We currently depend on development of properties within our North Hankou Project and No.1 Enterprise Community for substantially all of our turnover. Upon the occurrence of any event adversely affecting the business and operations of our North Hankou Project or No.1 Enterprise Community Project, we will not at present have income from other projects or from other regions to mitigate the ensuing losses. In addition, both of these projects are located in Wuhan, Hubei Province. Having a single revenue source geographically as we currently do may entail a higher level of risk compared with those of our competitors who operate revenue-generating projects in multiple cities and regions. The concentration of our investments in Wuhan makes us highly susceptible to the fluctuations in the economic conditions of Wuhan and Central China. A recession in the economy of Wuhan or Central China or uncertainties regarding future economic prospects of Wuhan or Central China could adversely affect consumer spending power in these areas, which could materially adversely affect our business, financial condition and results of operations.

We had only developed a portion of our North Hankou Project and No.1 Enterprise Community as of March 31, 2011.

Our North Hankou Project and No.1 Enterprise Community have a planned GFA of 3,264,732 sq.m. and 893,439 sq.m., respectively, for which we had obtained land use rights as of the Latest Practicable Date. As of March 31, 2011, we had only completed phases of five wholesale shopping malls and affiliated residential properties within our North Hankou Project, which account for 20.1% of the total planned GFA of North Hankou Project, and Phases I & II (low-rise office building) and No.1 high-rise office tower of our No.1 Enterprise Community, and which account for 19.5% of the total planned GFA of No.1 Enterprise Community. We intend to complete the remaining properties within our North Hankou Project and No.1 Enterprise Community by October 2013 and March 2013, respectively. As of March 31, 2011, the total incurred development costs (including land grant costs, construction costs and capitalized finance costs) were approximately Rmb 2,107.6 million and Rmb 590.3 million, respectively, for the development of North Hankou Project and No.1 Enterprise Community. However, we cannot assure you that we will complete these two projects on schedule, or on budget, or at all. Completion of these two projects is subject to many factors, such as compliance with the applicable government policies, our obtaining of necessary licenses and permits for the construction of projects, our ability to procure adequate financing for property development, and supply of materials and equipment and construction progress of our contractors. If we are not able to complete our North Hankou Project and No.1 Enterprise Community as planned, our future business, financial condition and results of operations may be materially and adversely affected.

We may not be able to execute our business strategies successfully.

Our business, financial condition and results of operations substantially depend on the successful execution of our business strategies. As a developer and operator of large-scale consumer products shopping malls, the location of our projects and the customer base for our properties are of particular importance to us. We primarily look for large parcels of land in or close to large cities with appropriate infrastructure and means of transportation and an appropriate level of consumer commerce. We endeavor to attract high-quality purchasers and to attract and retain high-quality tenants for our shopping mall units at favorable prices and rates. As the PRC Government has only in recent years started to emphasize the development of a domestic consumption-driven economy, rather than an export-reliant economy, there are uncertainties about whether such a national economic development model will actually be successful. Its failure would undermine our implementation of our business strategies. If for this or other reasons we are unable to execute our business strategies successfully, our business, financial condition and results of operations may be materially and adversely affected.

Our future development plans and strategy of replicating our business model in other geographical areas may not succeed.

As of the Latest Practicable Date, we had only one wholesale shopping mall project, the North Hankou Project, and all of our existing projects are situated in Wuhan in Central China. We intend to replicate our business model of North Hankou Project and No.1 Enterprise Community in terms of property and service types in other geographical areas. We entered into master, cooperation or investment agreements with various government authorities to develop similar projects in Wuhan, Xiangyang, Tianjin and Shenyang. For details of these projects, see "Business — Our Property Projects — Other Development Plans". Furthermore, we may seek opportunities to develop similar projects in other cities in China.

Our experience in designing, constructing and operating our North Hankou Project in Wuhan may not be applicable in other regions. We cannot assure you that we will be able to leverage such experience to expand to other parts of China. When we enter into new markets, we may face intense competition from property developers with industry experience or have established presence in the geographical areas to which we plan to expand and from other property developers with similar expansion targets. Furthermore, expansion or acquisition requires a significant commitment of capital resources, which may divert our available resources and the attention of our management from our existing projects or other matters important to us. Also, we may not be able to anticipate and resolve all problems that may occur during our expansion and any failure to do so may render us unable to develop our projects as planned, which may in turn have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to obtain land use rights for our projects planned for future development, including various projects in Wuhan, Xiangyang, Tianjin and Shenyang, we will not be able to develop these planned projects.

We entered into master, cooperation or investment agreements with various competent government authorities in China to develop projects in Wuhan, Xiangyang, Tianjin and Shenyang. These projects include North Hankou Project (District II), Wuhan Salon (Phases II & III) and Central China Logistics Enterprise Community in Wuhan, Xiangyang Salon in Xiangyang, Zall Northern China International Trade Center, Binhai Salon and No.1 Enterprise Community Northern China Headquarters Business Park in Tianjin and Northeastern China (Shenyang) International Trade Center, No.1 Enterprise Community Northeastern China Headquarters Business Park and Northeastern Logistic Enterprise Community in Shenyang. Pursuant to these master, cooperation and investment agreements, the relevant government authorities have identified lands that are suitable to our development plans in these locations. However, as advised by our PRC legal advisers, King & Wood, all these master, cooperation and investment agreements are letters of intent only and not legally binding, and in each and every case the signing of these master, cooperation or investment agreements does not guarantee that we will obtain the land use rights of the land identified therein, which, rather, will only be granted through public tender, auction or listing for sale. We cannot assure you that we will be successful in our bidding for the plots of land in Wuhan, Xiangyang, Tianjin or Shenyang, or that we will be able to obtain such plots of land at our desired price. Likewise, We cannot assure you that the relevant land administration authorities will grant us the appropriate land-use rights or issue the relevant land use rights certificates in a timely manner or at all. If we are not successful in our bidding for the plots of land or fail to obtain land use rights for all or any portion of such plots of land, we will not be able to develop our projects in Wuhan, Xiangyang, Tianjin or Shenyang as planned.

We may not be able to obtain adequate funding to complete property projects currently under development or planned for future development.

Real property development is a capital-intensive business. We historically financed, and expect to continue to finance, our property projects primarily through proceeds from pre-sales and sales, income generated from operations of our properties, capital contributions from our shareholders and borrowings from financial institutions. As of December 31, 2010, our total bank borrowings amounted to approximately Rmb 339.7 million. Our ability to procure adequate financing for land acquisition and property development depends on a number of factors beyond our control, one of which is the PRC regulatory control. In recent years, the PRC Government has adopted various measures to regulate, and to strengthen enforcement of the regulation of, lending practices in the property industry. For instance, in May 2006, the PRC governmental authorities issued the Opinions on Housing Supply Structure and Stabilization of Property Prices《關於調整住房供應結構穩定住房價格的意見》, which, among others,

- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans.

In recent years, PBOC has also taken measures to reduce liquidity in the market to cool down the property development sector in China. Under PRC laws and regulations, banks must hold a certain amount of funds in reserve against deposits from their customers. For example, between July 2006 and June 2008, PBOC increased this reserve requirement for commercial banks in China 18 times, raising it cumulatively from 7.5% to 17.5%, and, since June 2008, the PBOC has again raised the reserve requirement a number of times. These increases in reserve requirements have reduced the amount of funds available to lend to businesses, including us, by commercial banks in China.

These PRC Government actions and policy initiatives have further limited our ability and flexibility to use bank loans to finance our property projects. We cannot assure you that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration or that our business, financial condition and results of operations will not be materially and adversely affected as a result of such and other government actions and policy initiatives.

The PRC Government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts.

Under PRC laws and regulations, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premiums and other fees, specified use of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning, impose a penalty, or reclaim our land. Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land premium by the stipulated deadline, we may be subject to a late payment penalty at the rate of 0.1% of the unpaid land premium per day. If we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years, the land is subject to repossession by the PRC Government unless the delay in development is caused by government actions or delays or force majeure. Moreover, even if we commence development of the land in accordance with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

We cannot assure you that regulations relating to idle land in China will not become more restrictive in the future. If we fail to comply with the terms of land grant contracts due to our delay of project development schedules, or as a result of factors out of our control, we may not only lose the opportunity to develop the projects on such land, but may also lose all of our past investments in the land, which would materially and adversely affect our business, financial condition and results of operations.

We face competition from other commercial property developers in China for land and customers.

We face competition from other large-scale wholesale shopping malls in China, particularly in or near our principal operating regions in Wuhan. In Central China, there are many wholesale malls that deal in the same or similar merchandises as we do or merchandise categories that we intend to expand into. These competitors include Changsha Gaoqiao Market (長沙高橋大市場) and Changsha Sanxiang Nanhu Market (長沙三湘南湖大市場) in Changsha, Anhui Baima Apparel City (安徽白馬服裝城) in Hefei, Nanchang Hongcheng Market (南昌洪城大市場) in Nanchang and Zhengzhou Yinji Apparel Market (鄭州銀基服裝市場) in Zhengzhou. In addition, in the Panlongcheng Economic and Technology Development Zone of Wuhan where our North Hankou Project is situated, there are other wholesale markets under development or proposed for future development by other property developers and operators, which may compete with us upon the completion of those wholesale markets. For details of those wholesale markets and developers, see "Industry Overview — Wholesale markets in China — Wuhan — Supply of wholesale markets in Wuhan". The level of competition in the wholesale shopping mall market will increase as new players enter the market.

In the business park property development market, we face competition from integrated corporate real estate developers in China. Such competitors may develop business park properties that offer more amenities, convenience and attractions than our No.1 Enterprise Community in Wuhan. As the overall economy develops further in China, the need for business parks in various cities in China will increase, and the competition for business opportunities in the business park sector will also increase. We may not have any competitive edge in other cities in China. Other than our No.1 Enterprise Community in Wuhan, we have not been able to develop another similar project in any other city in China.

We compete with our competitors on a range of factors, including location, transportation, infrastructure, government tax and other incentives, design, project quality, maintenance and supporting services. We also compete on sales prices, rental rates and other terms. Many of our competitors in China may have a longer history of operations, with substantially more financial resources and operational experience. Existing and prospective customers may consider our competitors' properties, whether wholesale shopping malls or other properties, to be superior. As a result, we may lose current and potential tenants to our competitors and have difficulty renewing leases or re-letting properties, or be forced to reduce our rents or incur additional costs in order to make our properties more attractive vis-à-vis those of our competitors. If we are unable to compete effectively and consistently, our occupancy rates may decline, which could materially and adversely affect our business, financial condition and results of operations.

We may not be able to acquire suitable sites for our development at reasonable prices, or at all.

Our ability to generate sustainable turnover and growth for our business depends partially on our ability to continuously identify and acquire suitable sites for future development projects at reasonable prices. There is limited supply of suitable land available for development in any city in China, including Wuhan and other cities we plan to expand to, and there has been an increase in land acquisition costs in many such cities in recent years. We also face strong competition from other developers for sites we may target to acquire. Therefore, we cannot assure you that we will be able to continue to acquire suitable sites for our future development projects at reasonable prices, or at all.

The PRC Government controls substantially all the supply of land in China available for development, and regulates various aspects of the process through which land is acquired and developed. Thus the PRC Government's land policies have a direct impact on our ability to acquire land use rights for development and our costs of acquisition. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development. The PRC Government also controls land supply through zoning, land usage regulations and other means. The various PRC regulatory measures have further intensified the competition for land in China among property developers. In order to gain advantage in securing land parcels for our development, we may, from time to time, be required to pay deposits or advance payments pursuant to certain memoranda of understanding and other arrangements in an attempt to acquire land. Such arrangements do not constitute land grant contracts, and our payments or deposits are unsecured and paid to counter-parties who we believe may represent the government agencies in charge. If a land acquisition fails to materialize, we are in principle entitled to a refund of our payments or deposits pursuant to these memoranda of understanding and arrangements. However, the timeframe and method for the refund are not specified, and there is no mechanism in place to prevent any misuse of these funds by the counter-parties or to ensure funds will be available when the refund is due. If our counter-parties default on their obligations to refund our payments or deposits, our business, financial condition and results of operations may be materially and adversely affected. If we fail to acquire sufficient land reserves suitable for development in a timely manner and at acceptable prices, or further changes in government policy with regard to land supply and development lead to increases in our costs of acquiring land and limit our ability to acquire land at reasonable prices, our competitive position, business strategies, prospects and performance may be materially and adversely affected.

Our business will be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary governmental approvals for any major property development.

Real estate markets in China are strictly regulated by the PRC Government. Property developers must comply with various laws and regulations of the PRC Government, including rules issued by local governments to enforce these laws and regulations. To develop and complete a property project, we must apply for various licenses, permits, certificates and approvals from relevant government authorities at different levels during various stages of our operations, including, for example, land use rights certificates, construction land planning permits, construction works planning permits, construction permits, certificates of completion, pre-sale permits, and property ownership certificates. Each approval is contingent upon the satisfaction of various conditions, which are often subject to the discretion of relevant government officials and subject to change due to new laws, regulations and policies, especially those with respect to the real estate and consumer products wholesale markets, promulgated from time to time.

During the Track Record Period, we started construction of certain malls and the central warehouse (Phase I) in North Hankou Project and certain office buildings in No.1 Enterprise Community, with a total planned GFA of 415,497 sq.m., before obtaining the relevant construction permits from the relevant authorities. For further details, see the section headed "Business — Historical Non-Compliance with PRC Laws" of this prospectus. Our PRC legal advisers, King & Wood, have advised that, at the sole discretion of the relevant authorities, we may be ordered to suspend the construction of the relevant projects, take remedial measures as the authorities may think fit or remove any portion of the relevant properties within a prescribed period, and be subject to fines equivalent to certain percentages of the construction work costs and/or the considerations paid under the relevant construction contracts. Based on the construction contracts we entered into and the estimated construction work costs in relation to the relevant properties, the potential fines in connection with the abovementioned properties could be up to Rmb 7.0 million.

We cannot assure you that we will be able to fulfill all the conditions necessary to obtain the required government approvals, or that relevant government officials will always, if ever, exercise their discretion in our favor, or that we will be able to adapt to any new laws, regulations and policies. There may also be delays on the part of government authorities in reviewing our applications and granting approvals, whether due to the lack of human resources or the imposition of new rules, regulations, government policies or their implementation, interpretation and enforcement. If we are unable to obtain, or experience material delay in obtaining, necessary government approvals, our operations may be substantially disrupted, which would materially and adversely affect our business, financial condition and results of operations.

Our plan to develop Zall Center is subject to the conversion of land use from industrial uses to commercial uses.

We have acquired the land use right of a parcel of land with a total site area of approximately 1,478 sq.m., and the property ownership of a building on this parcel of land in April 2008 and four buildings on the land adjacent to this parcel of land with a total GFA of approximately 8,970 sq.m. in November 2010, all in Jiang'an District of Wuhan in Hubei Province (湖北省武漢市江岸區). We intend to develop a property named Zall Center (卓爾中心) on the aforementioned lands after demolition of the existing buildings. However, the aforementioned lands were designated for industrial uses. For details, see the section headed "Business — Our Property Projects — Zall Center" in this prospectus.

We intend to convert the aforementioned lands into commercial land. In order to complete the conversion of use of land, we are required under PRC laws to submit applications to the local land and resources bureau and carry out necessary regulatory procedures to obtain land use rights, including acquisition of land through public tender, auction or listing-for-sale, entry into land grant contracts and payment of land premium. We are currently in the process of making applications and carrying out these procedures and anticipate completing the conversion of use of land by the end of 2011. However, we cannot assure you that we will successfully convert the use of land within that time frame, or at all. If we are not able convert the aforementioned lands into commercial land, we would not be able to sell the existing buildings or generate any income through leasing of the existing building or constructing the proposed Zall Center on the aforementioned lands. As a result, our future business, financial condition and results of operations may be adversely affected.

We may be unable to sub-lease the wholesale shopping mall units we lease from relevant purchasers and such initial sale and subsequent lease arrangements may be affected by changes in PRC laws and regulations.

During the Track Record Period, in order to accommodate the bulky nature of hotel products and supplies which require more space compared to other products sold in our other malls, and in order to enhance utilization of wholesale shopping malls units purchased by clients who do not run merchandising businesses on their own, we leased certain units on the third floor of the hotel products and supplies mall in the North Hankou Project from the relevant purchasers of such units since October 2009, and subsequently sub-leased such units to tenants engaged in the merchandising business. Save for the third floor of the hotel products and supplies mall, no other malls in our North Hankou Project had similar arrangements as at the Latest Practicable Date. Our Directors have confirmed that the Company currently has no plan to adopt similar arrangements at other malls in our North Hankou Project. See "Business — Our Property Projects — North Hankou Project — Particulars of Completed Properties within North Hankou Project — Lease Arrangements with Property Owners" for details. In the future, we may continue to enter into such lease arrangements with property owners. However, we cannot assure you that we can successfully sub-lease the units we lease back from the relevant purchasers at higher rental rates or can sub-lease them at all. If we are not able to sub-lease the units we lease back, we would need to pay the rental fees to the relevant purchasers at our cost. As a result, our future business, financial condition and results of operations may be adversely affected.

Our initial sale and subsequent lease arrangements may be affected by changes in PRC laws and regulations. In the event that changes in PRC laws and regulations result in our initial sale and subsequent lease arrangements being deemed as "after-sale lease guarantees" or "after-sale lease guarantee(s) in covert form", pursuant to the Regulatory Measures on the Sale of Commercial Properties《商品房銷售管理辦法》(the "**Regulatory Measures**") promulgated by the Ministry of Construction (now called the Urban and Rural Construction of the People's Republic of China) on April 4, 2001 and which became effective on June 1, 2001, or otherwise prohibited, our PRC legal advisers, King & Wood, have advised that we may, based on current regulations be given a disciplinary warning, ordered to take remedial measures or subject to a fine with a maximum amount of Rmb 30,000 (subject to the relevant authorities' decisions). King & Wood have also advised that (a) as a remedial measure, the relevant authorities may order us not to enter into such arrangements in future; (b) the relevant authorities may impose a fine of a maximum amount of Rmb 30,000 on us for our existing arrangements; and (c) we would not be subject to any other penalties in connection with such initial sale and subsequent lease arrangements. King & Wood have further advised that the risks of (i) the sale and purchase agreements and the subsequent lease agreements being deemed to be entered into as a package deal in substance by the relevant authorities; and (ii) the existing lease agreements being revoked by the relevant authorities are remote. However, we cannot assure you that there will be no interpretation of, change in or additional requirements under the applicable PRC laws and regulations which may affect our existing or future lease agreements with property owners. As a result, we may be unable to continue to enter into such lease arrangements with property owners or may be subject to penalties in connection with our existing lease arrangements with property owners, and therefore our future business, financial condition and results of operations may be materially and adversely affected.

We may be unable to obtain, extend or renew qualification certificates for real estate development.

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

Our results of operations fluctuated and the increase in the fair value of our investment properties contributed significantly to our profit during the Track Record Period.

We recorded profit of Rmb 254.8 million, Rmb 655.2 million and Rmb 633.2 million for the years ended December 31, 2008, 2009 and 2010, respectively. Our results of operations fluctuated during the Track Record Period and may fluctuate from period to period in the future, depending on the aggregate GFA we sell during each period, among other factors. The fair value of our investment properties also tends to fluctuate from time to time. The proportion between properties held for sale and our investment properties held for leasing will necessarily affect our results of operations from period to period. The number of consumer product sectors that we develop at a wholesale shopping mall within any given period is limited by the intensive capital requirements for land acquisition and preparation and construction as well as the lengthy period of time required before positive cash flow may be generated. Rental rates also vary among the various markets according to dates of completion, in addition to market demand, because we typically offer tenants in newly completed units preferential rates and rate-free periods as promotional incentives.

We are required to reassess the fair value of our investment properties at every balance sheet date for which we issue financial statements. Under IFRSs, gains or losses arising from changes in the fair value of our investment properties are included in our income statements in the period in which they arise. You should note that the fair value gains or losses in our investment properties do not, however, change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. For the years ended December 31, 2008, 2009 and 2010, we had fair-value gains on our investment properties of Rmb 370.7 million, Rmb 782.4 million and Rmb 626.6 million, respectively, representing 109.1%, 89.6% and 74.2%, respectively, of our net profit for the respective periods after taking into account certain deferred income tax expenses. Excluding the effect of such unrealized capital gains and deferred tax expenses we would have incurred net losses of Rmb 23.2 million for the year ended December 31, 2008. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties at the previous levels or at all, or that the fair value of our investment properties will not decrease in the future. Any significant decreases in the fair value of our investment properties may materially and adversely impact our profitability.

Investment properties are illiquid.

We currently hold a limited portfolio of investment properties, primarily properties we have developed and decided to keep for leasing purposes. We plan, however, to increase the ratio of such investment properties in the projects we are currently developing and those we will develop. In general, investment in real properties is relatively illiquid compared with other forms of investment. Economic conditions may change that could force us to consider disposing of our investment properties or some of them. Our ability, however, to sell any of our investment properties in response to changing economic, financial and investment conditions on a timely basis, or at all, is limited. Furthermore, we cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, or at all. We cannot predict the length of time needed to find a purchaser and to complete the sale of a property we currently hold or plan to hold for investment purposes. Moreover, should we decide to sell a property subject to a tenancy agreement, we will have to obtain consent from or pay termination fees to our tenant.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to increased competition, decreased demand, age, appearance or other factors. The conversion of investment properties to alternative uses generally requires substantial capital expenditures. We may be required to expend funds on maintenance or improvements before a property may be sold, and we may not have sufficient funds for such purposes. Such factors may impede our ability to respond to adverse changes in the performance of our investment properties, adversely affect our ability to retain tenants, and materially and adversely affect our business, financial condition and results of operations.

We had net cash outflows from operating activities during the Track Record Period.

We experienced cash outflows from operating and investing activities during the Track Record Period. For the years ended December 31, 2008, 2009 and 2010, we had net cash outflows from operating activities of Rmb 100.7 million and Rmb 16.7 million and a net cash inflow from operating activities of Rmb 356.7 million, respectively. See "Financial Information — Liquidity and Capital Resources — Operating Activities" for details.

A negative operating position may impair our ability to make necessary capital expenditures, develop business opportunities or make strategic acquisitions. If we are unable to meet our debt and interest repayment obligations, our creditor(s) could choose to demand immediate repayment, which could result in a complete loss of investment for our shareholders if we are not able to repay such obligations, the result of which could materially and adversely affect our business and results of operations.

We maintain a certain level of indebtedness and a deterioration of our cash flow position could adversely affect our ability to service our debt and to continue our operations.

We have incurred, and may continue to incur, indebtedness to finance our developments and working capital, and therefore face risks normally associated with debt financing, including refinancing risks and foreclosure risks. As of December 31, 2008, 2009 and 2010, our aggregate outstanding bank loans were Rmb 137.0 million, Rmb 270.9 million and Rmb 339.7 million, respectively. Our total indebtedness described above did not include (i) advances from related parties (namely, our controlling equity owners and Zall Holding), which were approximately Rmb 119.4 million, Rmb 109.4 million and Rmb 3.9 million, respectively, as of

December 31, 2008, 2009 and 2010 and (ii) our guarantees in respect of the mortgage loans of our customers, which were approximately Rmb 20.4 million, Rmb 136.3 million and Rmb 489.4 million as of December 31, 2008, 2009 and 2010, respectively. In addition to bank loans, we rely on pre-sale proceeds from purchasers of our properties as a significant source of funding for our operations, including servicing our debt. If our pre-sales or our use of such pre-sale proceeds are significantly restricted or otherwise materially adversely affected as a result of any change in relevant PRC rules and regulations, our cash flow position and our ability to service debt may be materially and adversely affected. In addition, if major commercial banks decline to provide additional loans to us or to re-finance our existing loans when they mature as a result of our perceived credit risk, and if we fail to raise financing through other channels, our financial condition, cash flow position and our business prospects may be materially and adversely affected.

Our financing costs are subject to changes in interest rates.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. For example, PBOC increased the benchmark lending rate for commercial banks in China from 6.12% to 6.39% in March 2007, to 6.57% in May 2007, to 6.84% in July 2007 and to 7.47% in December 2007. For the year ended December 31, 2010, the interest rate on our outstanding bank loans ranged from 5.60% to 7.02% per annum. Interest expenses incurred and charged to the income statement in 2008, 2009 and 2010 were Rmb 2.6 million, Rmb 4.4 million and nil, respectively. Interest expenses and other eligible borrowing costs capitalized in the properties under development and investment properties in 2008, 2009 and 2010 were Rmb 4.8 million, Rmb 14.2 million and Rmb 17.8 million respectively. In addition, increases in interest rates also affect the ability of our potential purchasers to secure loans on acceptable terms, or at all, which in turn may affect their ability to purchase our properties. We cannot assure you that PBOC will not further raise the PRC benchmark lending rates, or that our business, financial condition and results of operations will not be materially and adversely affected as a result.

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

As we pre-sell properties before their actual completion of construction, in accordance with industry practice in China, PRC banks require us to guarantee the mortgage loans of purchasers of our properties. According to market practice, PRC banks require that we guarantee these mortgage loans until the relevant property ownership certificates are issued, which generally takes place within three to six months after we deliver possession of the relevant property to the purchasers, at which time such guarantees are released. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and simply rely on the credit checks conducted by the mortgagee banks.

As of December 31, 2008, 2009 and 2010, our outstanding guarantees in respect of the mortgage loans of our customers amounted to Rmb 20.4 million, Rmb 136.3 million and Rmb 489.4 million, respectively. During the Track Record Period, we have not encountered defaults by purchasers that, in aggregate, had a material adverse effect on our financial condition and results of operations. You should not assume that these guarantees are risk free. Should any material default occur and if we are called upon to honor our guarantees, our financial condition and results of operations will be adversely affected.

We have limited insurance to cover our potential losses and claims.

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

We may not be able to complete our development projects on budget or on schedule, or at all.

Development of large-scale real estate projects, such as our wholesale shopping mall, involves a complex process that lasts for a long period of time and contains many inherent risks that could prevent the development from completion as originally planned. Substantial capital expenditures are required prior to and during the construction period, and the construction of such a project may take several years before it may generate positive cash flow through pre-sales or sales. The progress and cost for a large-scale development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- changes in government policies; and
- economic downturn and deterioration in consumer sentiment in general.

During the Track Record Period, we have obtained certain parcels of land for future development (located within North Hankou Project, No.1 Enterprise Community, Zall

Zhujinyuan Residences and Zall Hupan Haoting Residences, and having an aggregate site area of approximately 811,402 sq.m.) which we had not developed according to the schedules set forth in the related land grant contracts. We obtained a written confirmation from the Huangpi District Land Resources Planning Bureau of Wuhan Municipality (武漢市黃陂區國土規劃局), the competent PRC land authority as advised by our PRC legal advisers, King & Wood, on March 8, 2011, and based on such written confirmation our PRC legal advisers, King & Wood, have advised that, since our delay in commencing the development is considered to be caused by the site preparatory work necessary for commencing project development, neither penalties nor administrative sanctions would be imposed on us, nor would the land use right on the relevant land parcels granted to us be revoked, due to such delay in commencing the development of the relevant and parcels. See "Business — Delay in Commencement of Construction Work" for further details.

Construction delays or failures to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may adversely affect our results of operations and financial condition and may also adversely affect our reputation in the industry. We may experience delays in completion or delivery of our projects, and be subject to liabilities arising from any such delays.

Our failure to meet all the requirements for the delivery of completed properties and issuance of property ownership certificates may render us liable to compensate our customers.

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

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

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

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

We rely primarily on dividends and other distributions on equity paid to us by our operating subsidiaries in China, and any limitation on the ability of our subsidiaries to make such payments to us could have a material adverse effect on our business as well as our liquidity.

As our Company is a holding company, we rely primarily on dividends and other distributions on equity paid to our Company by our operating subsidiaries in China for our cash and financing needs, which include funds necessary for paying dividends and other cash distributions to our Shareholders, servicing any debt our Company may incur and paying the operating expenses of our Company. If our subsidiaries incur debt, the instruments governing such debt may restrict their ability to pay dividends or make other distributions to our Company. Our operating subsidiaries are entities incorporated in China and are subject to certain limitations with respect to their dividend payments. PRC laws and regulations currently allow payment of dividends only out of accumulated profits determined in accordance with accounting standards and regulations in China. Our PRC subsidiaries are currently required to set aside a certain percentage of their after-tax profit based on the PRC accounting standards each year for their reserve funds in accordance with the requirements of relevant laws and provisions in their respective articles of association. Allocations to these reserve funds may only be used for their specific designated purposes and are not transferable to us in the form of loans, advances or cash dividends. As a result, our PRC subsidiaries may all be restricted in their ability to transfer any portion of their net income to our Company whether in the form of dividends, loans or advances. Such restrictions on the ability of our PRC subsidiaries to transfer funds to us could adversely affect our ability to expand, pay dividends, make investments or acquisitions that could benefit our business, or otherwise fund and conduct our business.

Under the EIT Law and its implementation rules, non-resident enterprises without an establishment in China, or whose income has no connection with their organizations and establishment in China, are subject to withholding tax at the rate of 10% with respect to their PRC-sourced dividend income, subject to applicable tax agreements or treaties between the PRC and other tax jurisdictions. Similarly, any gains realized on the transfer of shares by such investors are also subject to a 10% PRC income tax if such gains are regarded as income from sources within China. According to the Mainland and Hong Kong Special Administrative Region Arrangement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income《對內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》, dividends paid by a foreign-invested enterprise in mainland China to a corporate shareholder in Hong Kong are subject to a withholding tax at a maximum rate of 5%, provided that such Hong Kong entity is a "resident enterprise" under the above-mentioned mainland-Hong Kong tax agreement, directly owning at least 25% of the equity interest in such foreign-invested mainland enterprise. However, under the EIT Law and its implementation rules as well as other pronouncements of the State Administration of Taxation, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax of 10% if our Hong Kong subsidiary cannot be considered a "beneficial owner." Zall Development Hong Kong is currently a "resident enterprise". To the extent Zall Development Hong Kong is considered a "non-resident enterprise" under the above-mentioned Mainland-Hong Kong tax agreement as well as the PRC tax law, dividend distributions by our PRC operating subsidiaries to Zall Development Hong Kong may be subject to a maximum withholding tax rate of 5%. However, it is currently unclear whether Zall Development Hong Kong will be considered as such a "non-resident enterprise" under such tax agreement or under the PRC tax law.

We may record a current or deferred PRC withholding tax liability for dividends we distribute or intend to distribute from our PRC subsidiaries to their non-PRC holding company, which will adversely impact on our results of operations.

The dividends declared and paid during the Track Record Period by North Hankou Group to Zall Holding, the former shareholder and holding company of our PRC subsidiaries, were not subject to any PRC withholding tax as Zall Holding is a PRC resident enterprise with its establishment in China. As such, no current or deferred withholding tax liabilities or expenses have been recognized in our financial information for the Track Record Period as contained in the Accountants' Report set out in Appendix I to this prospectus. Following completion of the Reorganization on October 13, 2010, any future dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary will be subject to withholding tax at a rate of up to 10%. Currently we have not recorded any deferred withholding tax liability in respect of the undistributed earnings of our PRC subsidiaries because in the opinion of the Directors, it is not probable that our PRC subsidiaries will distribute any of their undistributed earnings in the foreseeable future. However, if we were to declare or intend to distribute dividends from our PRC subsidiaries, we would be required to record a PRC withholding tax liability and the related income tax expense for such dividends, at a rate up to 10% of the dividends to be distributed or intended to be distributed, or at other lower rates as we may be entitled to under the EIT Law. Upon such event, our results of operations would be negatively impacted.

We may be subject to higher LAT rates in the future.

In accordance with the provisions of the LAT Regulation, all persons including companies and individuals that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities must pay LAT at 30% to 60% on any appreciation gain in respect of the land and improvements on such land, with certain exemptions available for the sale of ordinary residential properties if the appreciation amounts do not exceed 20% of the deductible expense items as defined in the LAT Regulation. Sales of commercial properties and luxury residential properties are not eligible for such exemption. In addition, certain of our subsidiaries were subject to LAT calculated based on 3% to 7% of their revenue in accordance with the authorized tax valuation method approved by relevant local tax authorities. A more detailed description of the LAT Regulation is in Appendix V entitled "Summary of PRC Laws Relating to the Property Sector — Major Taxes Applicable to Property Developers — Land Appreciation Tax" in this prospectus.

We have been prepaying LAT with reference to our pre-sale proceeds. We made LAT payments of Rmb 1.4 million, Rmb 13.5 million and Rmb 68.7 million during the years ended December 31, 2008, 2009 and 2010, respectively. Such LAT provisions are recorded under "current taxation" on our consolidated statements of financial position. As of the Latest Practicable Date, we had not received any official exemption or confirmation with respect to our LAT liabilities for any period despite our LAT prepayments during the years. The PRC authorities may use different methods to assess our LAT obligations in the future. As a result, we may be subject to higher LAT rates, which may have an adverse effect on our financial condition.

Our founder and Controlling Shareholder, Mr. Yan, has substantial control over our Company and his interests may not be aligned with the interests of our other Shareholders.

Mr. Yan, our founder, Controlling Shareholder, chairman and executive Director, will, upon the completion of the Global Offering, beneficially own approximately 85% of our outstanding share capital, assuming no exercise of the Over-allotment Option or any option which may be issued under the Pre-IPO Share Option Scheme and the Share Option Scheme, or approximately 94.4% of our outstanding share capital, if the Over-allotment Option is exercised in full. As such, Mr. Yan will have substantial control over our business. By virtue of his ownership of our share capital as well as his position on our Board, he will be able to exert significant influence over our business and other matters of significance to us and other Shareholders by voting at general meetings of our Shareholders or our Board meetings, including:

- election of our Directors;
- selection of senior management members;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- amendments to our Articles of Association.

The interests of Mr. Yan may differ from the interests of other Shareholders, and he is free to exercise his votes according to his interests. In the event that the interests of Mr. Yan conflict with those of other Shareholders, including if Mr. Yan chooses to cause our business to pursue strategic objectives that conflict with our other Shareholders' interests, those other Shareholders may be disadvantaged as a result.

Our success depends on the continued service of our senior management team and other key personnel, and our ability to attract and retain qualified management personnel.

Our success depends on the continued service provided by our executive Directors and members of our senior management. Competition for talented employees is intense in the PRC commercial property industry. We are particularly dependent on Mr. Yan as well as other senior management members for their vision to lead our Company and their industry knowledge and relationships that are crucial to our business and operations. If we lose the services of any core management team member and fail to find a suitable substitute, our business will be adversely impacted. Moreover, our success also depends on our ability to identify, hire, train and retain qualified employees with the requisite industry expertise. If we cannot attract and retain suitable human resources, our business and future growth will be negatively affected.

The appraisal value of our properties may be different from the actual realizable value and is subject to change.

The appraisal value of our properties as contained in the Property Valuation Report is based on multiple assumptions containing elements of subjectivity and uncertainty. Therefore, the appraised values of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property projects as well as national and local economic conditions may affect the value of our properties.

Such assumptions include:

- that we will complete development projects on time;
- that we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects; and
- that we have paid all the land premiums and obtained all land use rights certificates and transferable land use rights without any payment obligation of additional land premiums.

As for properties which we do not wholly own, their appraisal values are allocated to us according to our pro rata ownership in the relevant project companies.

We relied on our major suppliers during the Track Record Period.

During the years ended December 31, 2008, 2009 and 2010, purchases from our five largest suppliers represented 67.2%, 74.6% and 62.6% of our total purchases, respectively, and purchases from our single largest supplier accounted for 23.8%, 44.3% and 28.0% of our total purchases, respectively. We have no long-term sales contracts with any of our suppliers. Hence, there can be no assurance that we will be able to maintain our relationships with our major suppliers. If the business relationship between our Company and our major suppliers were to deteriorate or if any of those suppliers were to terminate its business relationship with our Company, our business and results of operations may be adversely affected.

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

We employ third-party contractors to carry out various tasks, including design, pile setting, foundation digging, construction, equipment installation, internal decoration, electromechanical engineering, pipeline engineering and elevator installation. We select third-party contractors by inviting contractors of known repute and satisfactory prior dealings with us to bid on our projects. Additional information relating to our selection of third-party contractors appears in the section entitled "Business — Our Property Development Procedures — Project Construction and Management — Bidding" in this prospectus. We endeavor to employ companies with good reputation, credibility and financial resources, but we cannot guarantee that any such third-party contractor will provide satisfactory services and at the required level of quality. Moreover, the completion of our property developments may be delayed and we may incur additional costs due to a contractor's financial or operational difficulties. Even though we prohibit our contractors from sub-contracting or assigning our construction work without our consent, our contractors may undertake projects from other developers or engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our project development costs and risks. The services rendered by any of these independent contractors may not always be satisfactory or match our quality requirements. Any of these factors could have a negative impact on our reputation, financial position and business operations.

Increases in the price of construction materials and equipment may increase our cost of sales and reduce our gross margins.

Our contractors are responsible for our construction materials and equipment procurement. Certain of our construction contracts do not provide for fixed or capped payments and, therefore, increases in the price of construction materials and equipment could be passed on to us by our contractors.

Any increase in the prices of the construction materials and equipment that are sourced by our construction contractors could increase our development costs and reduce our gross margins to the extent that we are unable to pass these increased costs on to our customers. In such a scenario, increases in the prices of construction materials and equipment could have an adverse effect on our results of operations, financial condition and business prospects.

If SAFE determines that its foreign exchange regulations apply to us and our shareholding structure, a failure by our Shareholders who are PRC citizens or residents to comply with these regulations may curtail our ability to distribute profits, restrict our overseas and cross-border investment activities, or subject us to liabilities under PRC laws and regulations.

In October 2005, SAFE issued the Circular on Issues Relating to the Administration of Foreign Exchange in Fundraising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies《關於境內居民通過境外特殊目的公司融資及返程投資外滙管理有關問題的通知》, as supplemented, commonly known as Circular 75. Under Circular 75, PRC residents and citizens must register with the appropriate local SAFE branch prior to establishing or controlling an offshore entity for the purpose of offshore equity financing involving onshore assets or equity interests held by them onshore. They must also make filings with SAFE thereafter upon the occurrence of certain changes in the capital structure. The registration and filing procedures under Circular 75 are prerequisites for other approval and registration procedures necessary for capital inflow from offshore entities, such as inbound investments or shareholders' loans, or capital outflow to offshore entities, such as the payment of dividends, repayment of offshore shareholder loans, liquidation distributions, equity sale proceeds or refunds upon a capital reduction.

Mr. Yan has completed the necessary registration and filing procedures required by Circular 75. But due to the uncertainty over how Circular 75 will be interpreted and implemented, we cannot predict how it may additionally affect our business operations, as our present and prospective PRC subsidiaries' ability to conduct foreign exchange activities, such as the remittance of dividends or foreign currency-denominated borrowings, will be subject to compliance with the Circular 75 requirements by our PRC resident Shareholders. We cannot assure you that our PRC resident Shareholders other than Mr. Yan, such as those who come to hold Shares pursuant to our Share Option Scheme and Pre-IPO Share Option Scheme, will be able to complete the necessary registration and filing procedures required by Circular 75. Additional information appears in the risk factor entitled "— We may be subject to fines and other legal or administrative sanctions if we or our PRC citizen employees fail to comply with PRC regulations with respect to the registration of their share options" below. Any failure by our Shareholders or beneficial owners of our Shares to so comply with Circular 75 may subject such Shareholder or beneficial owners to penalties under PRC foreign exchange administrative regulations, and may subject us to fines or other legal sanctions, restrict our cross-border investment activities, limit our subsidiaries' ability to pay dividends or make other distributions, and adversely affect our business, financial condition, results of operations and liquidity.

We may be subject to fines and other legal or administrative sanctions if we or our PRC citizen employees fail to comply with PRC regulations with respect to the registration of their share options.

We have granted share options to some of our employees under the Pre-IPO Share Option Scheme, and intend to grant additional share options to certain of our employees pursuant to the Share Option Scheme. Pursuant to the Implementation Rules to the Administrative Measure for Individual Foreign Exchange《個人外滙管理辦法實施細則》and the related guidance and the Processing Guidance on Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plans or Stock Option Plans of Overseas-Listed Companies《境內個人參與境外上市公司持股計劃和認股期權計劃等外滙管理操作規程》, all issued by SAFE in 2007, PRC domestic individuals who have been granted shares or share options by an overseas-listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas-listed company or other qualified PRC agents, to register with SAFE and complete certain other procedures related to such share option or share incentive plan. Accordingly, our employees who are PRC nationals residing in China and have been, or will be, granted share options under our Pre-IPO Share Option Scheme and/or the Share Option Scheme will be subject to these rules upon Listing, and their foreign exchange income from the sale of Shares or dividends or other distributions paid by us as an overseas-listed company must be remitted into China. In addition, we, our PRC subsidiaries and any other qualified PRC agents are required to appoint an asset manager or administrator and a custodian bank, and to open a foreign currency account to handle transactions relating to the share option or share incentive plan. If we or our PRC option-holders fail to comply with these rules, we may be subject to fines and other legal or administrative sanctions.

We may be subject to liability for environmental violations.

We are subject to a variety of environmental laws and regulations in China during the construction of our development projects. Environmental laws and regulations may cause us to experience development delays, incur substantial compliance costs, and be unable to conduct development activities in environmentally sensitive regions and areas. As required by PRC laws and regulations, we have engaged independent environmental consultants to conduct environmental impact assessments for all of our development projects and the environmental investigations conducted to-date have not revealed environmental violations that would be expected to have a material adverse impact on our business, financial condition and results of operations. It is possible that these investigations did not reveal all potential environmental violations or their full magnitude, and that there are material environmental liabilities of which we are unaware. We cannot assure you that our procedures will be effective in fully preventing non-compliance in the environmental area. If any portion of our development projects is found to be non-compliant with certain environmental laws or regulations, or if we are unable to obtain necessary environmental licenses or approvals, we may be subject to suspension of our operations or a portion of our operations as well as fines and other penalties, which may materially and adversely affect our business, reputation, financial condition and results of operations.

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

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

The costs of the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme will adversely affect our results of operations and any exercise of the options granted may result in a dilution of Shareholders' shareholdings.

For the purpose of recognizing the contribution of certain senior management and employees of our Group and/or persons who have made past contribution to the development of our Group and/or as an incentive for the future performance of senior management and employees of our Group, on June 1, 2010, Zall Development Hong Kong adopted a share option scheme and granted 100 share options to 22 eligible participants. On June 20, 2011, each of the 22 eligible participants and Zall Development Hong Kong entered into an option swap agreement, pursuant to which all eligible participants agreed to cancel the share options granted to them under the share option scheme adopted by Zall Development Hong Kong on June 1, 2010, in consideration and exchange for our Company granting in aggregate 29,750,000 share options under the Pre-IPO Share Option Scheme to the 22 eligible participants, based on the respective shareholdings of the eligible participants in Zall Development Hong Kong.

On June 20, 2011, such Pre-IPO Share Option Scheme options were conditionally granted entitling the holders thereof to subscribe for an aggregate of 29,750,000 Shares, representing approximately 0.85% of the issued share capital of our Company immediately upon completion of the Global Offering (without taking into account any Shares which may be issued pursuant to any exercise of the Over-allotment Option or the exercise of the pre-IPO share options or any options which may be granted under the Share Option Scheme). Our Company has also conditionally adopted the Share Option Scheme. For details of the Pre-IPO Share Option Scheme, please refer to the section headed "Statutory and General Information — Pre-IPO Share Option Scheme" in Appendix VII to this prospectus.

Under IFRSs, the costs of share options granted to employees under the Pre-IPO Share Option Scheme and the Share Option Scheme will be charged to our Group's income statement over the vesting period by reference to the fair value at the date at which the options are granted. As a result, our Group's profitability may be adversely affected. Based on the valuation carried out by our Company's valuer, the fair value of the share options granted under the Pre-IPO Share Option Scheme is estimated to be approximately Rmb 41.2 million. The fair value of such Pre-IPO Share Scheme options will be amortized over a vesting period of one to five years and hence, there will be an impact on our Group's income statements for the years ended/ending December 31, 2010 to 2015. Approximately Rmb 8.7 million, Rmb 12.6 million, Rmb 9.1 million, Rmb 6.2 million, Rmb 3.6 million and Rmb 1.0 million are expected to be charged to the income statements for the years ending December 31, 2010 to December 31, 2015, respectively.

The issue of Shares on any exercise of the pre-IPO share options or any options which may be granted under the Share Option Scheme in the future would result in a reduction in the percentage ownership of the Shareholders in our Company and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issuance.

RISKS RELATING TO CHINA

China's economic, political and social conditions could have a material adverse effect on our business, financial condition and results of operations.

The PRC economy differs from most developed economies in many respects, including a higher level of government involvement, the on-going development of a market-oriented economy, a rapid growth rate, a higher level of control over capital flows and foreign exchange, and the less efficient allocation of resources. While the PRC economy has experienced significant growth since the late 1970s, the growth has been uneven, both geographically and among sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and to guide the allocation of resources. These measures are intended to benefit the overall PRC economy, but may nevertheless put us at a disadvantage. For example, our business, financial condition and results of operations may be adversely affected by PRC Government control over land supply, capital investments and tax regulations that are applicable to us.

The PRC economy has been in transition from a centrally-planned economy to a more market-oriented economy. The PRC Government continues to play a significant role in regulating industrial development by imposing industrial policies and various directives. The PRC Government also exercises significant control over China's economy through allocating resources, restricting capital flow and foreign exchange, setting monetary and fiscal policies, and providing preferential treatment to particular industries and companies. As we conduct substantially all of our business operations in China, our financial condition and results of operations have been and are expected to continue to be affected by the economic, political and social conditions in China.

PRC Government's control of currency conversion may limit our ability to utilize our cash effectively.

Substantially all of our turnover and operating expenses are denominated in Renminbi. Under the current PRC laws and regulations, the renminbi is freely convertible to foreign currencies with respect to current account transactions, which include ordinary course import and export transactions, payments for services rendered, and payments of license fees, royalties, interest on loans and dividends, but not with respect to capital account transactions, which include cross-border investments and principal repayments on loans. Our PRC subsidiaries currently may purchase foreign currencies for the settlement of current-account transactions, including the payment of dividends to us, subject to a ceiling approved by SAFE. We cannot, however, assure you that the relevant PRC Governmental authorities will not further curtail or eliminate the ability of our PRC subsidiaries to purchase and retain foreign currencies in the future. Capital-account foreign-exchange transactions are still subject to strict limitations and require approvals from or registration with SAFE, which could affect our PRC subsidiaries' ability to obtain debt or equity financing from outside China, including by means of loans or capital contributions from us. Since substantially all of our future turnover is expected to be denominated in renminbi, existing and future restrictions on currency exchange may limit our ability to utilize turnover generated in renminbi to fund expenditures denominated in foreign currencies.

The PRC legal system contains inherent uncertainties that could negatively impact our business, and the current PRC legal environment could limit the legal protections available to you.

As substantially all of our business operations are conducted in China, such operations are subject to PRC laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior cases have little precedent value in deciding subsequent cases in the civil law system. Additionally, such PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. When the PRC Government started its economic reforms in the late 1970s, it began to build a comprehensive system of laws and regulations to regulate business practices and the overall economic order of the country. China has made significant progress in the promulgation of laws and regulations dealing with business and commercial affairs of various participants of the economy, involving foreign investment, corporate organization and governance, commercial transactions, taxation and trade. However, the promulgation of new laws, changes in existing laws and abrogation of local regulations by national laws may have a negative impact on our business and prospects. Additionally, given the involvement of different enforcement bodies in respect of the relevant rules and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve significant uncertainties under the current legal environment in China. All these uncertainties may limit the legal protections available to investors including you.

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

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

RISKS RELATING TO OUR GLOBAL OFFERING

An active trading market for our Shares may not develop and the trading price for our Shares may fluctuate significantly.

Prior to the Global Offering, there has been no public market for our Shares. The initial offer price range and the Offer Price for our Shares were the result of negotiations among us and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of, and permission to deal in, our Shares on the Main Board. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop or, if it does develop, will be sustained following the Global Offering. A listing on the Stock Exchange also does not prevent the possibility that the market price of our Shares will decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as variations in our turnover, earnings and cash flow, industry trends, competitor developments, or other political, economic, financial and social developments may affect the price and volume at which our Shares will trade.

Because our Offer Price is substantially higher than our pro forma net tangible book value per Share, you will incur immediate and substantial dilution.

The offer price range of our Shares is substantially higher than our net tangible book value per share of HK$0.59 per Share as of December 31, 2010. Therefore, investors in our Shares in the Global Offering will experience an immediate and substantial dilution in pro forma net tangible book value of approximately HK$1.00 per Share, based on the low end of the indicative offer price range of HK$2.89 per Share, or HK$1.07 per Share, based on the high end of the indicative offer price range of HK$3.57 per Share. Our existing Shareholders will, however, receive an increase in pro forma net tangible book value per Share with respect to their shareholdings. In addition, if we issue additional Shares or equity-linked securities in the future, you may experience further dilution.

Certain facts and statistics contained in this prospectus should not be unduly relied upon.

Facts, forecasts and other statistics contained in the section headed "Industry Overview" are derived from various official government publications, an industry association described in such section and a report prepared by Savills commissioned by us. We believe that the sources of such information are appropriate and we have taken reasonable care in the extraction and reproduction of such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Global Coordinator, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors or advisors or any other persons or parties involved in the Global Offering have independently verified such information directly or indirectly derived from official government publications, industry association data or the Savills Report, or make any representation as to the accuracy of such information or statistics. Furthermore, there can be no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Accordingly, the official and non-official sources contained in this prospectus may not be accurate and should not be unduly relied upon.

Shareholder rights under Cayman Islands law differ from those under the laws of Hong Kong.

Our corporate affairs are governed by our currently effective Memorandum of Association and Articles, the Cayman Companies Law, and the common law of the Cayman Islands. The fiduciary duty of our Directors to us and to our Shareholders and the rights of our Shareholders to take actions against our Directors are, to a large extent, governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from the relatively limited judicial precedents in the Cayman Islands as well as English common law, the latter of which are persuasive, but not binding, on Cayman Islands courts. The fiduciary duty of our Directors and the rights of our Shareholders under Cayman Islands law may not be as clearly established as they are in certain other jurisdictions, such as Hong Kong. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. You may find additional information in Appendix VI entitled "Summary of the Constitution of the Company and Cayman Companies Law" in this prospectus.

We may not pay dividends.

Any declaration of dividends will be proposed by our Directors. The payment or non-payment and the amount of any dividend depends on various factors, including marketing conditions, our strategic planning, business opportunities, our financial condition and results of operations, working capital requirements and anticipated cash needs, contractual restrictions and obligations, legal, tax and regulatory restrictions, and other factors that our Directors deem necessary or relevant from time to time. You may find additional information in the section entitled "Financial Information—Dividend Policy" in this prospectus. We cannot guarantee if and when we will pay any dividend in the future.

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

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