

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### HISTORY

In October 1998, Mr. Yan first established Zall Development China, a company which was held as to 66.67% by Mr. Yan and 33.33% by Ms. Chen Lifen, the spouse of Mr. Yan, to engage in advertising and media businesses in Wuhan. Our advertising business comprises print, radio and television media advertising, design, consultancy and decoration services, commercial exhibition design and management services, and promotion and advertising services to our consumer product customers and SMEs focused primarily on the local consumer market. Through our advertising business, Mr. Yan became acquainted with suppliers, manufacturers and distributors of consumer products and SMEs focused primarily on the local consumer market. Mr. Yan saw the increasing need of such SMEs, domestic suppliers, manufacturers and distributors in certain consumer product sectors for office suites and supporting centers, and great prospects of developing consumer product-focused wholesale shopping malls in Wuhan. In 2005, with the support of our senior management team which has extensive experience and expertise in the property development and consumer product markets in China, Mr. Yan entered into the property development business through Zall Investment Group and began to acquire land in Wuhan to engage in property development. In September 2005, we commenced the construction of our first property development project, namely No.1 Enterprise Community. On November 25, 2005, we obtained the relevant certificates and permits to conduct property sales of the first phase of No.1 Enterprise Community, a distinctive business park featuring low-density, low-rise, single-tenant office buildings, and high-rise office towers located in the Panlongcheng Economic and Technology Development Zone (盤龍城經濟技術開發區). In 2007, we began to develop our North Hankou Project, a large-scale, consumer product-focused wholesale shopping mall in Wuhan. With the development and growth of our property development business, we expanded our group structure to include a series of project companies within our Group to carry out our property development, commercial property operation and property management businesses. We currently have 14 projects in various stages of development in China, some of which are completed, while others are under development or intended for future development. Please refer to the section headed “Business — Our Property Projects” for details of the various stages of development of our projects.

We continue to engage in the advertising business through Zall Development China. Since our expansion into the development of commercial properties, we have provided services such as the use of our advertising spaces at no cost to our customers in the North Hankou Project.

The following are important milestones in the history of our operational development of large-scale, consumer product-focused wholesale shopping malls and commercial, residential and mixed-use property projects in China to date:

- 2005
  - The first phase of No.1 Enterprise Community commenced construction in September 2005, and pre-sale of the first phase of No.1 Enterprise Community commenced in November 2005.
- 2007
  - We started planning for and commenced the development of our North Hankou Project, which is a large-scale, consumer product-focused wholesale shopping mall in Wuhan in early 2007 and April 2008, respectively.
- 2008
  - We were recognized as an “Advanced Tax-paying Business Unit” (全區納稅先進單位) in the Huangpi District by the Huangpi District Government.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- We were ranked as one of the “Annual Top Ten Hubei Real Estate Enterprises” (湖北房地產年度總評榜十大) by the Hubei Daily Media Group.
  - We were recognized as one of the 2007 “Leading Private Enterprises” (民營龍頭企業) by Hubei Industry & Commerce Federation, Hubei Chamber of Commerce, Hubei Daily Media Group and Hubei Radio and Television Association.
  - We were ranked as one of the Top Ten Best Employers (十佳僱主) by the Hubei Television Station.
- 2009
- In September 2009, we were ranked as one of the “Top 500 Service Industry Enterprises of China” (中國服務企業500強) by China Enterprises Confederation and the Chinese Entrepreneurs’ Association.
  - In September 2009, we were ranked as one of the 2009 “Top 10 Real Estate Development Enterprises in Wuhan” (武漢房地產開發行業綜合十強企業) by Wuhan Real Estate Development Association.
  - In December 2009, we had pre-sold and pre-leased certain units in the three wholesale shopping malls (the footwear and leather products mall, the small household items mall and the hotel products and supplies mall) of our North Hankou Project and commenced operations of these units.
  - In May, September and October 2009, Mr. Xie Xuren, the PRC Minister of Finance, Mr. Chen Deming, the PRC Minister of Commerce, and Mr. Qian Yunlu, the Vice Chairman of the PRC National People’s Political Consultative Conference, visited our North Hankou Project, respectively.
  - Our North Hankou Project was included in a working report produced by Hubei Province Government which reflects the regional importance and recognition of our wholesale shopping malls.
  - The second phase of No.1 Enterprise Community was made available for sale to the public.
  - We were ranked as one of the 2008 “Top 20 Real Estate Development Enterprises in Wuhan” (武漢房地產開發行業綜合實力二十強企業) by the Wuhan Real Estate Development Association.
  - We were ranked as one of the “Top 500 Service Industry Enterprises of China” (中國服務企業500強) by China Entrepreneurs Confederation and China Entrepreneurs’ Association.
  - We were awarded the “Hubei Golden Crane Award” (金鶴獎) by Hubei Business Association, Hubei Entrepreneurs Association and Hubei Industry and Economic Association.
  - We were awarded the 2009 “Major Project Development Enterprise” (重大項目建設立功單位) by the Wuhan Municipal Government.
- 2010
- In October 2010, we hosted the first China North Hankou Trade Fair (中國漢口北商品交易會).
  - We were ranked as one of the “Top 500 Private Enterprises in China” (中華民營企業500強) by All-China Federation of Industry and Commerce (中華全國工商業聯合會).

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- We were ranked as one of the “Top 100 Enterprises in the Hubei province” (湖北企業100強) by the Hubei Province Enterprise Confederation, Hubei Province Entrepreneurs Association, Hubei Census and Statistics Department and Hubei Media Report Group.
  - We were awarded the Guangsha Prize (廣廈獎) by MOHURD and the China Real Estate Association.
  - We were awarded the Golden Landmark Award (金地標獎) by 21st Century Business Herald;
  - We were awarded the 2010 “CIHAF Top 10 Commercial Properties” in China (2010 CIHAF中國十大商業地產).
  - We were awarded the 2010 “Most Investment Value Real Estate Award” (2010年度最具投資價值樓盤) by China Real Estate Assessment Center and Hubei Real Estate Mainstream Media Alliance.
  - We were awarded the 2010 “Most Anticipated Real Estate Award” (2011年最值得期待樓盤) by China Real Estate Assessment Center and Hubei Real Estate Mainstream Media Alliance.
  - We were awarded the 2010 “Annual Contribution to City Economy” award (長江年度經濟城市貢獻大獎) by Changjiang Daily (長江日報).
- 2011
- We currently have the following projects in various stages of development:
    - (a) North Hankou Project
    - (b) No.1 Enterprise Community
    - (c) Wuhan Salon (Phase I)
    - (d) Zall Hupan Haoting Residences
    - (e) Zall Zhujinyuan Residences
    - (f) Zall Center
    - (g) North Hankou Project (District II)
    - (h) Wuhan Salon (Phases II & III)
    - (i) Xiangyang Salon
    - (j) No. 1 Enterprise Community • Northern China Headquarters Business Park
    - (k) Binhai Salon
    - (l) Zall Northern China International Trade Center
    - (m) Central China Logistics Enterprise Community
    - (n) Northeastern China (Shenyang) International Trade Center
    - (o) No. 1 Enterprise Community • Northeastern China Headquarters Business Park
    - (p) Northeastern Logistics Enterprise Community

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### Major Equity Changes in Certain Members of Our Group Prior to Reorganization

Set forth below are the equity changes in certain members of our Group (including our major subsidiaries) since our establishment and prior to commencement of the Reorganization:

#### *Wuhan Eastern Zall Properties*

Wuhan Eastern Zall Properties was established on October 10, 2007 and at the time of its establishment, Wuhan Eastern Zall Properties was wholly owned by Zall Investment Group. Wuhan Eastern Zall Properties is principally engaged in the property development business. On January 24, 2008, Zall Investment Group transferred its 50% interest in Wuhan Eastern Zall Properties to Hubei Dongfang Guojin Investment Group Co., Ltd. (湖北東方國金投資集團有限公司) (“**Hubei Dongfang**”) (formerly known as Hubei Xinghe Property Development Co., Ltd. (湖北星合房地產開發有限公司)), an Independent Third Party, at a consideration of Rmb 15,000,000, which was determined with reference to the registered capital of Wuhan Eastern Zall Properties as at the date of such transfer. Since (i) Zall Investment Group has the relevant experience and expertise in the development of commercial, residential and mixed-use properties; (ii) Zall Investment Group has been responsible for the day-to-day management and decision making of Wuhan Eastern Zall Properties since its establishment; and (iii) Hubei Dongfang has always been a passive investor, Hubei Dongfang and Zall Investment Group executed a confirmation dated December 10, 2010 to confirm that at the time of the transfer of Zall Investment Group’s 50% interest in Wuhan Eastern Zall Properties, both parties agreed that Zall Investment Group shall have the right to appoint the director(s), chief financial officer, general manager and remuneration committee in Wuhan Eastern Zall Properties. No compensation or benefit has been received by Hubei Dongfang in respect of such arrangement.

On June 17, 2010, in view of the financial crisis and for the purpose of realizing the value of its investments and assets, Hubei Dongfang transferred its 50% interest in Wuhan Eastern Zall Properties to Zall Investment Group at a consideration of Rmb 15,000,000, which was determined with reference to the registered capital of Wuhan Eastern Zall Properties as at the date of such transfer. After completion of such transfer, Wuhan Eastern Zall Properties was wholly owned by Zall Investment Group. Our Directors confirm that there was no arrangement between Hubei Dongfang and our Group for holding the 50% interest in Wuhan Eastern Zall Properties on behalf of our Group.

#### *Zhuohua Real Estate*

Zhuohua Real Estate was established on September 2, 2009 and at the time of its establishment, Zhuohua Real Estate was held as to 50% by Zall Investment Group and 50% by Hubei Liantou Investment Co., Ltd. (湖北聯投投資有限公司) (“**Hubei Liantou**”), an Independent Third Party. Zhuohua Real Estate is principally engaged in the property investment and property development businesses. On September 23, 2009, Zall Investment Group transferred its 50% interest in Zhuohua Real Estate to Zall Holding at a consideration of Rmb 50,000,000, which was determined with reference to the registered capital of Zhuohua Real Estate as at the date of such transfer. After completion of such transfer, Zhuohua Real Estate was held as to 50% by Zall Holding and 50% by Hubei Liantou.

On October 13, 2010, Zall Holding transferred its 50% interest in Zhuohua Real Estate to Zall Investment Group at a consideration of Rmb 50,000,000, which was determined with reference to the registered capital of Zhuohua Real Estate as at the date of such transfer. With a view to taking a majority stake of Zhuohua Real Estate, Zall Investment Group entered into

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

negotiations with Hubei Liantou for the acquisition of Hubei Liantou's 1% interest in Zhuohua Real Estate on the same day. Given that Hubei Liantou has all along been a passive investor, and Zall Investment Group, which has more experience and expertise in the development of commercial, residential and mixed-use properties, has been responsible for the day-to-day management and decision-making of Zhuohua Real Estate, Hubei Liantou agreed to transfer its 1% interest in Zhuohua Real Estate to Zall Investment Group at a consideration of Rmb 1,000,000 after arm's length negotiations between Hubei Liantou and Zall Investment Group. The consideration of such acquisition was determined with reference to the registered capital of Zhuohua Real Estate as at the date of such transfer. After completion of such transfer, Zhuohua Real Estate was held as to 51% by Zall Investment Group and 49% by Hubei Liantou.

Since (i) Zall Investment Group has the relevant experience and expertise in the development of commercial, residential and mixed-use properties; (ii) Zall Investment Group has been responsible for the day-to-day management and decision making of Zhuohua Real Estate; and (iii) Hubei Liantou has always been a passive investor, it has been the intention of Zhuohua Real Estate and Hubei Liantou that Zall Investment Group shall have the right to appoint director(s) and the chief financial officer in Zhuohua Real Estate, and shall continue to be responsible for the day-to-day management and decision making of Zhuohua Real Estate, which is evidenced by a confirmation executed by the relevant parties dated December 11, 2010 to confirm their intention at the time of the establishment of Zhuohua Real Estate. No compensation or benefit has been received by Hubei Liantou in respect of such arrangement.

### *Zall Center Investment*

Zall Center Investment was established on August 12, 1996 and at the time of its establishment, Zall Center Investment was held as to 80% by Mr. Wen Xiaohong, 10% by Ms. Yin Xiaoying, both of whom are Independent Third Parties, and 10% by Mr. Cao Tianbin, who is currently a member of our senior management. Zall Center Investment is principally engaged in the property development business.

On September 21, 2007, Mr. Cao Tianbin transferred his 10% interest in Zall Center Investment to Mr. Wen Xiaohong at a consideration of Rmb 380,000, which was determined with reference to the registered capital of Zall Center Investment as at the date of such transfer.

On April 30, 2008, Mr. Wen Xiaohong and Ms. Yin Xiaoying transferred their respective 90% and 10% interests in Zall Center Investment to Zall Holding at a total consideration of Rmb 3,800,000, which was determined with reference to the registered capital of Zall Center Investment as at the date of such transfers.

On February 20, 2009, Zall Holding transferred its 100% interest in Zall Center Investment to Zall Investment Group at a consideration of Rmb 3,800,000, which was determined with reference to the registered capital of Zall Center Investment as at the date of such transfer. After completion of such transfer, Zall Center Investment was wholly owned by Zall Investment Group.

### *Wuhan Xinrui Real Estate*

Wuhan Xinrui Real Estate was established on June 22, 2004 and at the time of its establishment, Wuhan Xinrui Real Estate was held as to 2% by Mr. Cao Shuhong, 3% by Mr. Feng Changbin, 3% by Mr. Yuan Hong, 90% by Mr. Zhang Zongyu and 2% by Ms. Zhou

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Dan, all of whom are Independent Third Parties. Wuhan Xinrui Real Estate is principally engaged in the property development business.

On September 8, 2009, Mr. Cao Shuhong, Ms. Zhou Dan, Mr. Feng Changbin, Mr. Yuan Hong and Mr. Zhang Zongyu transferred their respective 2%, 2%, 3%, 3% and 90% interests in Wuhan Xinrui Real Estate to Zhuohua Real Estate at a total consideration of Rmb 20,000,000, which was determined with reference to the registered capital of Wuhan Xinrui Real Estate as at the date of such transfers. After completion of such transfers, Wuhan Xinrui Real Estate was wholly owned by Zhuohua Real Estate.

### *Hupan Haoting Real Estate*

Hupan Haoting Real Estate was established on April 26, 2004 and at the time of its establishment, Hupan Haoting Real Estate was held as to 70% by Mr. Zhou Zhendao, 20% by Ms. Ba Hong and 10% by Ms. Xu Liwei, all of whom are Independent Third Parties. Hupan Haoting Real Estate is principally engaged in the property development business.

On December 15, 2005, Ms. Ba Hong and Mr. Zhou Zhendao transferred their respective 20% and 70% interests in Hupan Haoting Real Estate to Mr. Zhang Zongyu at a total consideration of Rmb 9,000,000, which was determined with reference to the registered capital of Hupan Haoting Real Estate as at the date of such transfers. On the same day, Ms. Xu Liwei transferred her 10% interest in Hupan Haoting Real Estate to Mr. Cao Shuhong at a consideration of Rmb 1,000,000, which was determined with reference to the registered capital of Hupan Haoting Real Estate as at the date of such transfer.

On December 3, 2007, the registered capital of Hupan Haoting Real Estate was increased from Rmb 10,000,000 to Rmb 50,000,000 by way of capital injection. Upon completion of such capital injection, Hupan Haoting Real Estate was held as to 90% by Mr. Zhang Zongyu and 10% by Mr. Cao Shuhong.

On September 29, 2009, Mr. Zhang Zongyu and Mr. Cao Shuhong transferred their respective 90% and 10% interests in Hupan Haoting Real Estate to Zhuohua Real Estate at a total consideration of Rmb 50,000,000, which was determined with reference to the registered capital of Hupan Haoting Real Estate as at the date of such transfers. After completion of such transfers, Hupan Haoting Real Estate was wholly owned by Zhuohua Real Estate.

### *Wuhan Panlong Properties*

Wuhan Panlong Properties was established on December 29, 2008 and at the time of its establishment, Wuhan Panlong Properties was wholly owned by Zall Investment Group. Wuhan Panlong Properties is principally engaged in the property development business.

On February 2, 2010, Zall Investment Group transferred its 100% interest in Wuhan Panlong Properties to Zhuohua Real Estate at a consideration of Rmb 10,000,000, which was determined with reference to the registered capital of Wuhan Panlong Properties as at the date of such transfer. After completion of such transfer, Wuhan Panlong Properties was wholly owned by Zhuohua Real Estate.

### *Wuhan Big World Investment*

Wuhan Big World Investment was established on May 12, 2008 and at the time of its establishment, Wuhan Big World Investment was wholly owned by Shanghai Yuanyang

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Investment Development Co., Ltd. (上海源洋投資發展有限公司) (“**Shanghai Yuanyang**”), an Independent Third Party. Wuhan Big World Investment is principally engaged in the property investment and property development businesses.

Following a capital injection of Rmb 50,000,000 made by Fujian Zongheng Investment and Industry Group Co., Ltd. (福建縱橫投資實業集團有限公司) (“**Fujian Zongheng**”), an Independent Third Party, on December 17, 2008, Wuhan Big World Investment was then held as to 23.08% by Shanghai Yuanyang and 76.92% by Fujian Zongheng.

On July 28, 2009, Shanghai Yuanyang transferred its 23.08% interest in Wuhan Big World Investment to North Hankou Group at a consideration of Rmb 15,000,000, which was determined with reference to the registered capital of Wuhan Big World Investment as at the date of such transfer. On August 3, 2009, the registered capital of Wuhan Big World Investment was increased from RMB 65,000,000 to RMB 100,000,000 by way of capital injection. Upon completion of such capital injection, Wuhan Big World Investment was held as to 50% by North Hankou Group and 50% by Fujian Zongheng.

### *North Hankou Market Investment*

North Hankou Market Investment was established on April 16, 2007 and at the time of its establishment, North Hankou Market Investment was wholly owned by Zall Investment Group. North Hankou Market Investment is principally engaged in property development business.

On February 12, 2009, Zall Investment Group transferred its 100% interest in North Hankou Market Investment to North Hankou Group at a consideration of Rmb 55,000,000, which was determined with reference to the registered capital of North Hankou Market Investment as at the date of such transfer. After completion of such transfer, North Hankou Market Investment was wholly owned by North Hankou Group.

### *Zall Investment Group*

Zall Investment Group was established on December 31, 2004 and at the time of its establishment, Zall Investment Group was held as to 90% by Wuhan Zall Enterprise Group Co., Ltd. (武漢卓爾企業集團有限公司) (“**Wuhan Zall Enterprise**”) and 10% by Mr. Fu Gaochao, who is a non-executive Director. Zall Investment Group is principally engaged in the property investment and property development businesses.

On May 11, 2005, Mr. Fu Gaochao transferred his 10% interest in Zall Investment Group to Ms. Chen Lifen at a consideration Rmb 1,000,000, which was determined with reference to the registered capital of Zall Investment Group as at the date of such transfer. Subsequent to a series of capital injections made between July 14, 2005, and July 20, 2005, the registered capital of Zall Investment Group was increased from Rmb 10,000,000 to Rmb 30,000,000. Upon completion of such capital injections, Zall Investment Group was held as to 96.67% by Wuhan Zall Enterprise and 3.33% by Ms. Chen Lifen.

On June 6, 2006, Wuhan Zall Enterprise transferred its 86.67% interest in Zall Investment Group to Ms. Chen Lifen at a consideration of Rmb 26,000,000, which was determined with reference to the registered capital of Zall Investment Group as at the date of such transfer. On November 9, 2006, the registered capital of Zall Investment Group was increased from Rmb 30,000,000 to Rmb 40,000,000 by way of capital injection. Upon completion of such capital injection, Zall Investment Group was held as to 32.5% by Wuhan Zall Enterprise and 67.5% by Ms. Chen Lifen. On November 28, 2006, Wuhan Zall Enterprise

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

transferred its 31.5% and 1% interests in Zall Investment Group to Ms. Chen Lifen and Mr. Fu Gaochao, respectively for a total consideration of Rmb 13,000,000, which was determined with reference to the registered capital of Zall Investment Group as at the date of such transfers.

On September 29, 2007, Mr. Fu Gaochao transferred his 1% interest in Zall Investment Group to Ms. Chen Lifen at a consideration of Rmb 400,000, which was determined with reference to the registered capital of Zall Investment Group. On the same day, the registered capital of Zall Investment Group was increased from Rmb 40,000,000 to Rmb 50,000,000 by way of capital injection made by Mr. Yan. Upon completion of the above transfer and capital increase, Zall Investment Group was held as to 20% by Mr. Yan and 80% by Ms. Chen Lifen. Subsequent to a series of capital injections made between October 22, 2007 and November 7, 2007, the registered capital of Zall Investment Group was increased from Rmb 50,000,000 to Rmb 80,000,000. Upon completion of such capital injections, Zall Investment Group was held as to 50% by Mr. Yan and 50% by Ms. Chen Lifen.

Given (i) the internal policies and practices of commercial banks at the time which required companies within the same group and with common shareholders to take up syndicated loans which would involve more complicated application procedures and longer time in processing the loans, as opposed to standard bank loans which would involve lesser time in processing the loans and less complicated application procedures, and (ii) that Mr. Fu Gaochao was a member of the senior management of Zall Investment Group and familiar with the management and operations of Zall Investment Group at the relevant time and would be in a better position to handle the routine administrative works required of a shareholder of Zall Investment Group, for the purpose of facilitating loan transactions made by Zall Investment Group and Hubei Industrial Group Co., Ltd. (湖北工業集團有限公司), both of which were within the same group and with common shareholders at the relevant time, in December 2007, Mr. Yan entered into an entrustment arrangement with Mr. Fu Gaochao pursuant to which Mr. Yan transferred his 1% interest in Zall Investment Group to Mr. Fu Gaochao who in turn held such interest on trust for Mr. Yan. The rights and liabilities attached to the 1% interest were enjoyed and borne by Mr. Yan. On December 10, 2007, Mr. Yan transferred 1% and 49% of his interest in Zall Investment Group to Mr. Fu Gaochao and Ms. Chan Lifen, respectively. After completion of such transfers, Zall Investment Group was held as to 99% by Ms. Chen Lifen and 1% by Mr. Fu Gaochao. On December 29, 2007, the registered capital of Zall Investment Group was increased from Rmb 80,000,000 to Rmb 100,000,000 by way of capital injection made by Ms. Chen Lifen. Upon completion of such capital injection, Zall Investment Group was held as to 99.2% by Ms. Chen Lifen and 0.8% by Mr. Fu Gaochao.

On February 13, 2009, Ms. Chen Lifen and Mr. Fu Gaochao transferred their respective 99.2% and 0.8% interests in Zall Investment Group to Zall Holding at a total consideration of Rmb 100,000,000, which was determined with reference to the registered capital of Zall Investment Group as at the date of such transfer. The entrustment arrangement made between Mr. Yan and Mr. Fu Gaochao was cancelled in October 2009 following the transfer of such 99.2% and 0.8% interests in Zall Investment Group by Ms. Chen Lifen and Mr. Fu Gaochao, respectively, to Zall Holding. After completion of such transfers, Zall Investment Group was wholly owned by Zall Holding. Please refer to the paragraph headed “— Reorganization — Acquisition of North Hankou Group and Zall Investment Group” below for details of the transfer of 100% interest in Zall Investment Group by Zall Holding to Zall Development China.



## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### *Zall Property Management*

Zall Property Management was established on October 24, 2005 and at the time of its establishment, Zall Property Management was held as to 90% by Zall Investment Group and 10% by Mr. Yan. Zall Property Management is principally engaged in the property management business.

On March 3, 2006, Zall Investment Group transferred its 90% interest in Zall Property Management to Mr. Chen Xianzhi, Ms. Chen Lifen's father, at a consideration of Rmb 450,000, which was determined with reference to the registered capital of Zall Property Management as at the date of such transfer. On the same day, Mr. Yan transferred 9% and 1% of his interest in Zall Property Management to Mr. Chen Xianzhi and Mr. Liu Wei, an Independent Third Party, respectively, at a total consideration of Rmb 50,000, which was determined with reference to the registered capital of Zall Property Management as at the date of such transfer.

On July 12, 2007, with a view to realizing the value of their investments, Mr. Chen Xianzhi and Mr. Liu Wei transferred their respective 99% and 1% interests in Zall Property Management to Zall Investment Group at a total consideration of Rmb 500,000, which was determined with reference to the registered capital of Zall Property Management as at the date of such transfer. On October 10, 2007, Zall Investment Group transferred its 100% interest in Zall Property Management to Zall Holding at a consideration of Rmb 1,500,000, which was determined with reference to the registered capital of Zall Property Management as at the date of such transfer. Our Directors confirm that there was no arrangement between Mr. Chen Xianzhi and Mr. Liu Wei for holding their interests in Zall Property Management on behalf of our Group.

On February 20, 2009, Zall Holding transferred its 100% interest in Zall Property Management to Wuhan Huajin Construction Co., Ltd. (武漢華錦建設工程有限公司) at a consideration of Rmb 1,500,000, which was determined with reference to the registered capital of Zall Property Management as at the date of such transfer. After completion of such transfer, Zall Property Management was wholly owned by Wuhan Huajin Construction Co., Ltd. On July 24, 2009, the registered capital of Zall Property Management was increased from Rmb 1,500,000 to Rmb 3,000,000 by way of capital injection. Upon completion of such capital injection, Zall Property Management was wholly owned by Wuhan Huajin Construction Co., Ltd.

### *North Hankou Logistics*

North Hankou Logistics was established on January 14, 2009 and at the time of its establishment, North Hankou Logistics was wholly owned by North Hankou Market Investment, our indirect wholly owned subsidiary. North Hankou Logistics is principally engaged in the logistics management business.

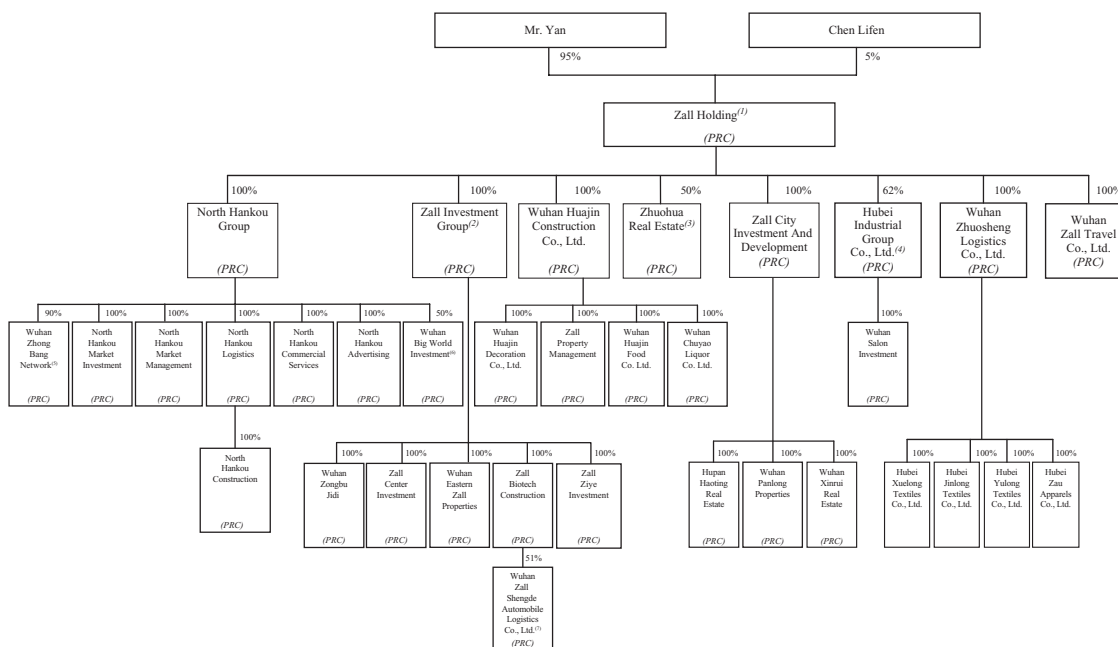
On February 12, 2009, North Hankou Market Investment transferred its 100% interest in North Hankou Logistics to North Hankou Group at a consideration of Rmb 1,000,000, which was determined with reference to the registered capital of North Hankou Logistics as at the date of such transfer. After completion of such transfer, North Hankou Logistics was wholly owned by North Hankou Group.

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## REORGANIZATION

In September 2010, we commenced the Reorganization in preparation for the Global Offering.

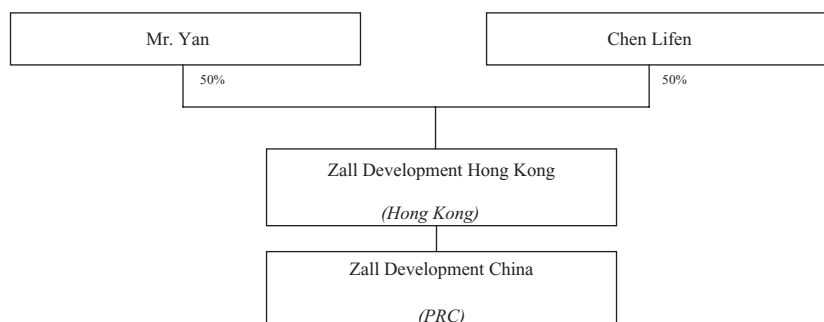
Prior to the Reorganization, our PRC operations (other than our advertising business) were held by Zall Holding, which is held as to 95% by Mr. Yan and as to 5% by Chen Lifan, the spouse of Mr. Yan. The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganization:



- (1) There was no change in the shareholding of Zall Holding throughout the Track Record Period. Zall Holding is held as to 95% by Mr. Yan and 5% by Ms. Chen Lifan.
- (2) Pursuant to a concert party agreement dated April 26, 2005 entered into between Mr. Yan and Ms. Chen Lifan, each of Mr. Yan and Ms. Chen Lifan agreed, confirmed and ratified, among other things, that each of them has been actively cooperating with each other and acting in concert (for the purpose of the Takeovers Code), since he/she became interested in and possessed voting rights in Zall Investment Group to achieve consensus and concerted action on all major affairs relating to Zall Investment Group, and through their control in Zall Investment Group, certain subsidiaries of our Group in the PRC. These major affairs include matters required to be approved by shareholders under the articles of association of Zall Investment Group, such as the declaration of dividends, the approval of annual budgets, the adoption of accounts and the appointment of auditors.
- (3) At the relevant time, the remaining 50% interest in Zhuohua Real Estate was held by Hubei Liantou, which is principally engaged in the property investment and property development businesses. Hubei Liantou and its ultimate beneficial owner(s) are Independent Third Parties. As Hubei Liantou is also conducting its business in the Huangpi district of Wuhan, it became acquainted with our Group and agreed to jointly establish Zhuohua Real Estate with our Group in September 2009.
- (4) The remaining 38% interest in Hubei Industrial Group Co., Ltd. is held by Mr. Zhang Zongyu, an Independent Third Party.
- (5) At the relevant time, the remaining 10% interest in Wuhan Zhong Bang Network was held as to 5% by Mr. Duan Yan and 2% by Mr. Wu Hui, both Independent Third Parties, and the remaining 3% by Mr. Fang Li, who is currently an executive Director. Mr. Duan Yan and Mr. Wu Hui became acquainted with our Group through their course of business.
- (6) The remaining 50% interest in Wuhan Big World Investment is held by Fujian Zongheng, which is principally engaged in the property investment and property development businesses. Fujian Zongheng and its ultimate beneficial owner(s) are Independent Third Parties. It became acquainted with our Group through its course of business.
- (7) The remaining 49% interest in Wuhan Zall Shengde Automobile Logistics Co., Ltd. is held by Wuhan Shengde Rixin Automobile Industrial Park Co., Ltd. (武漢盛德日新汽車產業園有限公司), ("Wuhan Shengde Rixin"), which is principally engaged in investments and businesses relating to the automobile industry. Wuhan Shengde Rixin and its ultimate beneficial owner(s) are Independent Third Parties.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Prior to the Reorganization, our advertising business in China was conducted through a wholly foreign owned enterprise, which is eventually held as to 50% by Mr. Yan and as to 50% by Ms. Chen Lifen, the spouse of Mr. Yan. The following chart sets forth the corporate and shareholding structure immediately before the Reorganization for our advertising business:



### ***Establishment of a BVI holding company by Mr. Yan***

On September 10, 2010, Zall Investment Holding was incorporated in the BVI in order to act as the holding company for the interest of Mr. Yan in our Company. The authorized share capital of Zall Investment Holding is HK\$50,000 divided into 50,000 shares of HK\$1.00 each and one share of HK\$1.00 each was allotted and issued to Mr. Yan on September 10, 2010. Mr. Yan is the sole shareholder of Zall Investment Holding.

### ***Incorporation of our Company***

Our Company was incorporated in the Cayman Islands on September 22, 2010 as a holding company of our Group and the issuer in the Global Offering. The initial authorized share capital of our Company was HK\$380,000 divided into 380,000 shares of HK\$1.00 each. On September 22, 2010, one subscriber share with par value of HK\$1.00 each was transferred to Zall Investment Holding.

### ***Incorporation and acquisition of intermediate holding companies for our Group***

Zall BVI was incorporated in the BVI on September 10, 2010 as an intermediate holding company of all of our interest in the Group. Zall BVI is a wholly-owned subsidiary of our Company.

On October 8, 2010, Zall BVI acquired one share each from Mr. Yan and Ms. Chen Lifen, which represents the entire issued share capital of Zall Development Hong Kong, at a consideration of HK\$1.00 each and satisfied by the allotment and issue of 49 shares and 50 shares by our Company to Zall Investment Holding and Ms. Chen Lifen, respectively. On the same day, Ms. Chen Lifen transferred 50 shares of HK\$1.00 each to Zall Investment Holding at par. After completion of such transfer, Zall Development Hong Kong was wholly owned by Zall BVI, which in turn holds 100% interest in Zall Development China.

### ***Reorganization of PRC companies into our Group***

Prior to the Reorganization, our PRC operations (other than our advertising business) were held by Zall Holding, which currently engages or will continue to engage in activities that are dissimilar to our Group. Details of the excluded businesses are set out in the section entitled “— Excluded Businesses” below. As a part of the Reorganization in preparation for the Listing, we have undertaken the following onshore restructuring, pursuant to which certain

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC companies within the core-business were included as part of our Group and certain PRC companies within the non-core business were disposed:

- On September 26, 2010, North Hankou Logistics transferred its 100% interest in North Hankou Construction to North Hankou Group at a consideration of Rmb 1,000,000, which was determined with reference to the registered capital of North Hankou Construction as at the date of such transfer.
- On September 26, 2010, Wuhan Huajin Construction Co., Ltd. transferred its 100% interest in Zall Property Management to Zall Investment Group at a consideration of Rmb 3,000,000, which was determined with reference to the registered capital of Zall Property Management as at the date of such transfer.
- On September 26, 2010, Zall Holding transferred its 100% interest in Zall City Investment and Development to Zall Investment Group at a consideration of Rmb 50,000,000, which was determined with reference to the registered capital of Zall City Investment and Development as at the date of such transfer.
- On September 26, 2010, Zall City Investment and Development transferred its 100% interest in Wuhan Salon Investment to Zall Investment Group at a consideration of Rmb 30,000,000, which was determined with reference to the registered capital of Wuhan Salon Investment as at the date of such transfer.
- On September 27, 2010, North Hankou Group transferred its 100% interest in Wuhan Zhongbang Network to Zall Holding at a consideration of Rmb 4,500,000, which was determined with reference to the registered capital of Wuhan Zhongbang Network as at the date of such transfer.
- On September 28, 2010, Zall Investment Group transferred its 100% interest in Zall Jiye Investment to Zall Holding at a consideration of Rmb 50,000,000, which was determined with reference to the registered capital of Zall Jiye Investment as at the date of such transfer.
- On September 30, 2010, Zall Investment Group transferred its 100% interest in Zall Biotech Construction to Zall Holding at a consideration of Rmb 15,000,000, which was determined with reference to the registered capital of Zall Biotech Construction as at the date of such transfer.

### ***Acquisition of North Hankou Group and Zall Investment Group***

Pursuant to the sale and purchase agreement dated October 10, 2010 entered into between Zall Holding as vendor and Zall Development China as purchaser, Zall Holding transferred its 100% interest in North Hankou Group to Zall Development China for a consideration of Rmb 74,500,000, which was determined with reference to the fair value of the net assets of North Hankou Group as of September 30, 2010 as assessed by an independent valuer. After completion of such transfer on October 11, 2010, North Hankou Group was wholly owned by Zall Development China.

Pursuant to the sale and purchase agreement dated October 12, 2010 entered into between Zall Holding as vendor and Zall Development China as purchaser, Zall Holding transferred its 100% interest in Zall Investment Group to Zall Development China for a consideration of approximately Rmb 92,420,000, which was determined with reference to the fair value of the net assets of Zall Investment Group as of September 30, 2010 as assessed by an independent valuer. After completion of such transfer on October 12, 2010, Zall Investment Group was wholly owned by Zall Development China.

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## **Acquisition of Zhuohua Real Estate**

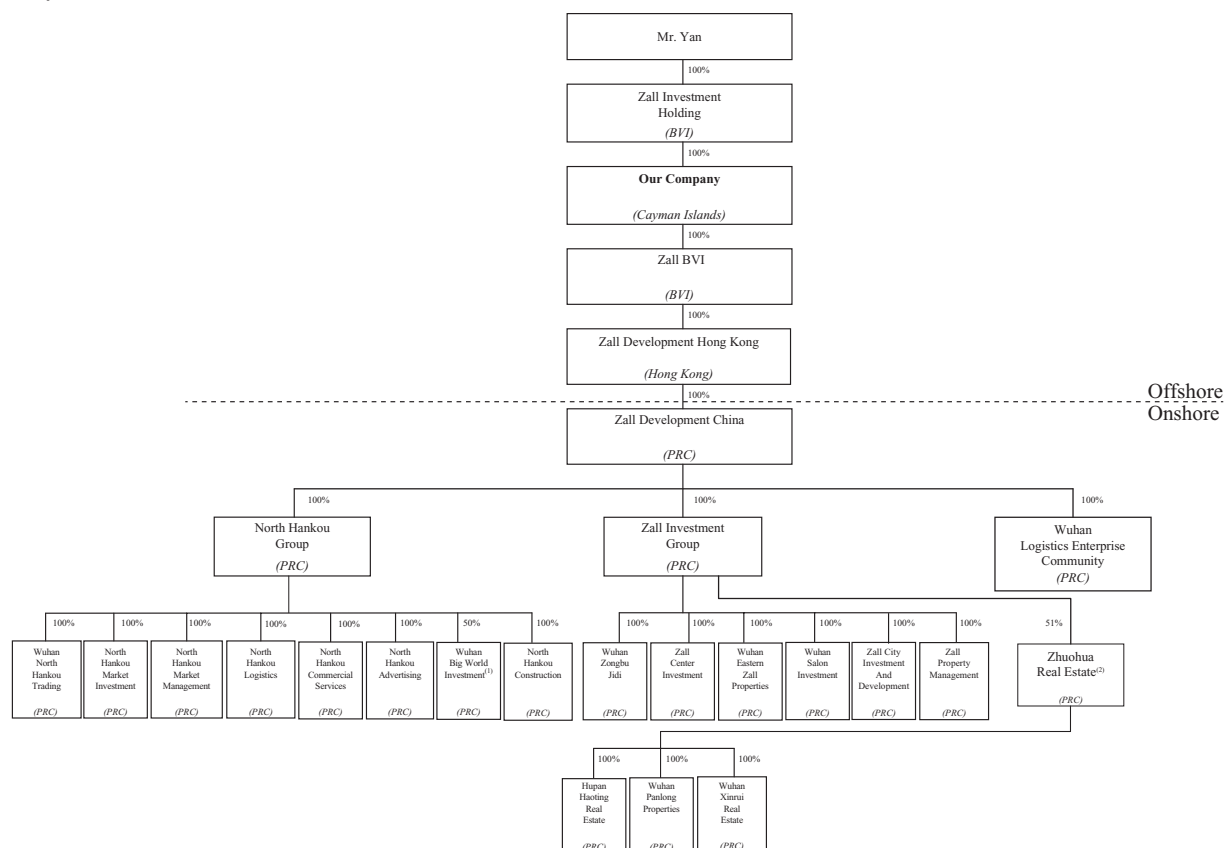
Prior to the Reorganization, Zhuohua Real Estate was held as to 50% by each of Zall Holding and Hubei Liantou Investment Co., Ltd., an Independent Third Party.

As part of the Reorganization and pursuant to the sale and purchase agreement dated October 13, 2010 entered into between Zall Holding and Hubei Liantou Investment Co., Ltd. as vendors and Zall Investment Group as purchaser, Zall Holding and Hubei Liantou Investment Co., Ltd. transferred their respective 50% and 1% interests in Zhuohua Real Estate to Zall Investment Group for a consideration of Rmb 50,000,000, and Rmb 1,000,000, respectively, which was determined with reference to the registered capital of Zhuohua Real Estate as at the date of such transfers.

After completion of the above transfers on October 13, 2010, Zhuohua Real Estate was held as to 51% by Zall Investment Group and 49% by Hubei Liantou.

## **Corporate structure prior to the completion of the Global Offering and the Capitalization Issue**

The following chart sets forth our Group's corporate and shareholding structure immediately after the Reorganization, but before the completion of the Global Offering and the Capitalization Issue:



- (1) The remaining 50% interest in Wuhan Big World Investment is held by Fujian Zongheng, which is principally engaged in property investment and property development businesses. Fujian Zongheng and its ultimate beneficial owner(s) are Independent Third Parties. It became acquainted with our Group through its course of business.
- (2) The remaining 49% interest in Zhuohua Real Estate is held by Hubei Liantou, which is principally engaged in property investment and property development businesses. Hubei Liantou and its ultimate beneficial owner(s) are Independent Third Parties. As Hubei Liantou is also conducting its business in the Huangpi district of Wuhan, it became acquainted with our Group and agreed to jointly establish Zhuohua Real Estate with our Group in September 2009.

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

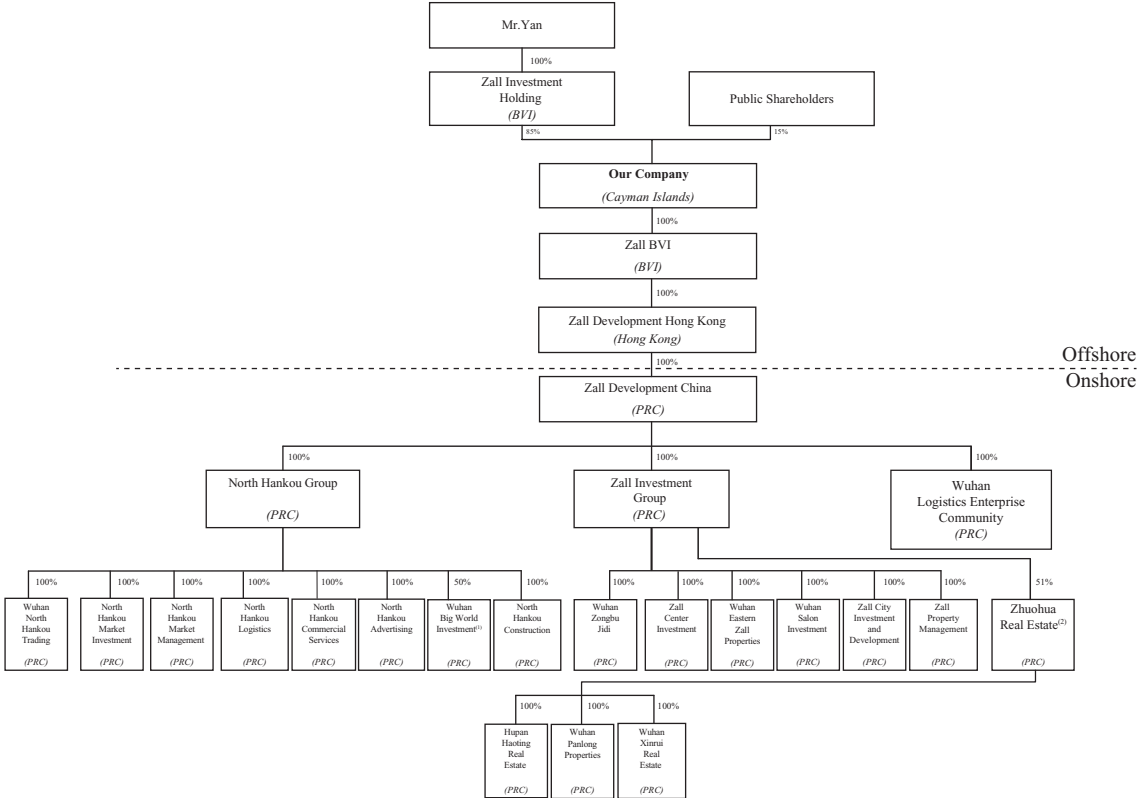
## SUBDIVISION OF SHARES AND INCREASE OF AUTHORIZED SHARE CAPITAL

On June 20, 2011, our Company subdivided all its issued and unissued shares with par value of HK\$1.00 each into 100 Shares of HK\$0.01 each. On the same day, our Company increased its authorized share capital to HK\$80,000,000 through the creation of 7,999,990,000 additional Shares.

## CAPITALIZATION ISSUE

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorized to capitalize an amount of HK\$29,749,900 standing to the credit of the share premium account of our Company by applying such sum toward the paying up in full at par a total of 2,974,990,000 Shares for allotment and issue to our Shareholders as of June 20, 2011, on a pro rata basis.

The following chart sets forth the corporate and shareholding structure of our Group upon completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised):



- (1) The remaining 50% interest in Wuhan Big World Investment is held by Fujian Zongheng, which is principally engaged in property investment and property development businesses. Fujian Zongheng and its ultimate beneficial owner(s) are Independent Third Parties.
- (2) At the relevant time, the remaining 49% interest in Zhuohua Real Estate was held by Hubei Liantou, which is principally engaged in property investment and property development businesses. Hubei Liantou and its ultimate beneficial owner(s) are Independent Third Parties.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### EXCLUDED BUSINESSES

Businesses relating to the development and operation of large-scale, consumer product-focused wholesale shopping malls in China were included as a core part of our Group. Prior to the Reorganization, our key businesses and companies were directly or indirectly held by Zall Holding, which is held as to 95% by Mr. Yan and as to 5% by Ms. Chen Lifen, the spouse of Mr. Yan. As part of the Reorganization, such key businesses and PRC operating subsidiaries were transferred from Zall Holding to companies comprising our Group as described above. In order to focus on the development and operation of large-scale, consumer product-focused wholesale shopping malls and business parks as our core business, and in line with our strategic direction and development plan, we have excluded and disposed of certain PRC companies within the non-core businesses such as the manufacture of textiles and clothing, as part of the Reorganization in preparation for the Listing.

Our Directors believe that none of the excluded businesses compete or will compete with the business of our Group. For details regarding the delineation of businesses between our Group and the Excluded Group. Please refer to the section headed “Relationship with our Controlling Shareholders — Delineation of Businesses” in this prospectus. Details of the exclusion and disposal of the non-core PRC companies, or the Excluded Group, are summarized below:

Name of excluded company	Principal activities engaged by excluded company	Shareholding in excluded company
1. Zall Holding	Investment holding	Mr. Yan: 95% Ms. Chen Lifen: 5%
2. Hubei Industrial Group Co., Ltd. (湖北工業集團有限公司)	Investment holding	Zall Holding: 62%
3. Hubei Xuelong Textiles Co., Ltd. (湖北雪龍紡織有限公司)	Manufacture of textiles and clothing	Hubei Industrial Group Co., Ltd.: 100%
4. Hubei Jinlong Textiles Co., Ltd. (湖北金龍紡織有限公司)	Manufacture of textiles and clothing	Hubei Industrial Group Co., Ltd.: 100%
5. Hubei Yulong Textiles Co., Ltd. (湖北玉龍紡織有限公司)	Manufacture of textiles and clothing	Hubei Industrial Group Co., Ltd.: 100%
6. Hubei Zall Apparel Co., Ltd. (湖北卓爾服飾有限公司)	Manufacture of textiles and clothing	Hubei Industrial Group Co., Ltd.: 100%
7. Wuhan Zhongbang Network	Currently inactive and intending to carry on network service business	Zall Holding: 100%
8. Zall Biotech Construction	Investment holding	Zall Holding: 100%
9. Zall Jiye Investment	Investment holding	Zall Holding: 100%

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of excluded company	Principal activities engaged by excluded company	Shareholding in excluded company
10. Wuhan Zall Shengde Automobile Logistics Co., Ltd. (武漢卓爾盛德汽車物流有限公司)	Currently inactive and intending to carry on automobile distribution and logistics business	Zall Biotech Construction: 51%
11. Wuhan Zhuosheng Logistics Co., Ltd. (武漢卓盛物流有限公司)	Currently inactive and intending to carry on steel logistics and warehousing business	Zall Holding: 100%
12. Wuhan Zall Travel Co., Ltd. (武漢卓爾旅遊有限公司)	Currently inactive and intending to carry on eco-tourism business	Zall Holding: 100%

### M&A RULE

On August 8, 2006, six PRC regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors 《關於外國投資者併購境內企業的規定》, or the M&A Rule, with respect to mergers and acquisitions of domestic enterprises by foreign investors, effective on September 8, 2006. The M&A Rule, states, among others that (1) a special purpose vehicle (“SPV”) is the offshore company formed for listing purposes, and controlled directly or indirectly by domestic companies or domestic natural persons, and a SPV which uses its shares to acquire an equity interest in a PRC company (i.e., through a share swap) shall obtain the approval of the CSRC prior to the listing and trading of such SPV’s securities on an overseas stock exchange; and (2) the approval from the MOFCOM should be obtained if a foreign company is established or controlled by a domestic company or domestic natural person who wishes to acquire a PRC company related to such domestic company or domestic natural person.

Our PRC legal advisers, King & Wood, have advised that the Reorganization and the Listing are not subject to the approval of MOFCOM and CSRC for the following reasons: (1) based on the confirmation issued by Hubei Division of Ministry of Commerce (“Hubei MOC”) on October 11, 2010, Hubei MOC confirmed that the acquisitions of 100% interest in North Hankou Group and Zall Investment Group, respectively, by Zall Development China are governed by the Interim Provision on the Takeover of Domestic Enterprises by Foreign Investors 《關於外商投資企業境內投資的暫行規定》 and the share transfers in North Hankou Group and Zall Investment Group are only required to be registered with the competent level of Administration of Industry and Commerce (“AIC”), being Wuhan AIC and further to the confirmation issued by Hubei MOC, Zall Development China has registered its acquisitions of 100% interest in North Hankou Group and Zall Investment Group with Wuhan AIC; (2) the consideration of the acquisitions of 100% interest in North Hankou Group and Zall Investment Group was paid in cash by Zall Development China; and (3) on August 8, 2003, upon completion of the acquisition of 100% interest in Zall Development China by Zall Development Hong Kong from Ms. Chen Lifan and Wuhan Zall Enterprise Group Co., Ltd. (武漢卓爾企業集團有限公司), Zall Development China became a wholly foreign-owned enterprise. Such acquisition of Zall Development China had occurred prior to the promulgation and effectiveness of the M&A Rule. For details of the acquisitions of North Hankou Group and Zall Investment Group, please refer to the paragraph headed “Reorganization — Acquisition of North Hankou Group and Zall Investment Group” above. However, we cannot assure you that CSRC, MOFCOM or any other authorities of the PRC will not promulgate new regulations or



## **HISTORY, REORGANIZATION AND CORPORATE STRUCTURE**

further explanation on the Rules on Acquisition of Domestic Enterprise by Foreign Investors in the future.

We and our Controlling Shareholders have complied with all applicable PRC rules and regulations, and have obtained all relevant approvals from PRC government authorities for the Reorganization and the Listing.