

OVERVIEW

We are a leading developer and operator of large-scale, consumer product-focused wholesale shopping malls in China, in terms of planned GFA, consumer product coverage and range of value-added supporting services and facilities, according to DCMA and Savills. Our North Hankou Project was the largest in Central China and the second largest in China in terms of planned GFA as of December 31, 2010 among the top 10 integrated wholesale markets for consumer products and small household items, according to DCMA and Savills⁽¹⁾. For the ranking of the top 10 integrated wholesale markets for consumer products and small household items in China and further details, see the section entitled “Industry Overview — Wholesale markets in China — Overview” in this prospectus.

We sell and lease quality wholesale shopping mall units as a “one stop” business space solution to our clients, who are suppliers, manufacturers and distributors of consumer products and SMEs focused primarily on the domestic consumption market. We believe that the PRC Government policies introduced in November 2008 to promote domestic consumption as a key driver for China’s future economic growth will increase domestic demand for consumer products and provide growth opportunities for our clients, which we expect will result in a corresponding increase in demand for our wholesale shopping mall units. We aim to provide an integrated business platform from which our clients are able to display and sell their consumer products to domestic retailers and end-consumers. At the same time, we also aim to offer or make available a wide range of value-added supporting services and facilities including warehouse leasing services, hotels and restaurants, third-party banking and government services to support and serve the business needs of our clients.

Our Existing Projects

All of our existing development projects are strategically located in Wuhan, the capital of Hubei Province. Wuhan has historically served as a major trading and commercial center in China and the “thoroughfare for nine provinces” (九省通衢), which include the provinces of Anhui, Guizhou, Henan, Hubei, Hunan, Jiangxi, Shaanxi, Shanxi and Sichuan. Wuhan has a population of more than 8.4 million and had a GDP of Rmb 551.6 billion in 2010. On December 14, 2007, the “Wuhan City Circle”, which includes Wuhan and eight other neighboring cities in Hubei Province, was formally approved by the State Council as a trial

Note:

(1) According to statistics from the National Statistics Bureau of China (中國國家統計局), the average GFA of the integrated wholesale markets in the PRC with annual sales exceeding Rmb 100 million (“**Major Wholesale Markets**”) was 49,563.3 sq.m. in 2009. According to Savills, there were 4,687 Major Wholesale Markets in 2009, only a few of which had GFAs of over 400,000 sq.m.. As advised by Savills, among the top 100 Major Wholesale Markets, there were 40 consumer product-oriented markets, while the remaining 60 were focused on agricultural products and industrial materials and equipment. Among the 40 consumer product-oriented Major Wholesale Markets, only one market had a GFA of over 1,000,000 sq.m. (being Yiwu Small Commodities City with a GFA of 4,000,000 sq.m.), 12 markets had GFAs from 400,000 sq.m. to 1,000,000 sq.m. and 27 markets had GFAs below 400,000 sq.m. in 2009. The GFAs of the 40 consumer product-oriented Major Wholesale Markets ranged from 26,000 sq.m. to 4,000,000 sq.m., and the average GFA of these markets was 380,000 sq.m. (or 290,000 sq.m. if Yiwu Small Commodities City is excluded from such average GFA calculation). As advised by Savills, the consumer product-oriented Major Wholesale Markets generally offer a limited range of consumer products. On the basis that (i) the Major Wholesale Markets had a relatively low average GFA of 49,563.3 sq.m. as opposed to the North Hankou Project’s planned and completed GFA of 2,311,456 sq.m. and 335,772 sq.m., respectively as of December 31, 2010; (ii) the number of consumer product-oriented Major Wholesale Markets with GFAs of over 1,000,000 sq.m. is small; (iii) each of the planned and completed GFAs of the North Hankou Project was larger than the average GFA of the 40 consumer product-oriented Major Wholesale Markets (exclusive of Yiwu Small Commodities City); and (iv) the North Hankou Project has a wide range of product offering under 12 different wholesale shopping malls on a single site, and taking into account the ranking table of the top 10 integrated wholesale markets for consumer products and small household items as shown in “Industry Overview — Wholesale markets in China — Overview”, the Directors believe that our Group is a leading developer and operator of large-scale, consumer product-focused wholesale shopping malls in China, in terms of planned GFA, consumer product coverage and range of value-added supporting services and facilities.

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area for the development of energy-efficient and environmentally-friendly businesses. As a result, the “Wuhan City Circle” has become a new special zone enjoying preferential government policies, which is similar to the cases of the Shenzhen Special Economic Zone, the Shanghai Pudong New District and the Tianjin Binhai New Area. Wuhan was also designated by the PRC Government in 2010 as the key regional center for Central China in its strategic Central China Revitalization Plan, and Wuhan is expected to benefit from proposed government initiatives and policies to develop the Central China economy. As a result of its central location in China, Wuhan also serves as a major hub in China’s transportation network including air, waterway, road and rail networks, giving us and our clients convenient access to a market comprising a population of approximately 356 million people across Central China.

Our flagship project, the North Hankou International Trade Center (漢口北國際商品交易中心) known also as the North Hankou Project, which is located approximately 10 kilometers north of downtown Wuhan, occupies a total site area of approximately 1,488,310 sq.m. The North Hankou Project is the largest consumer product-focused wholesale shopping mall in Central China in terms of planned GFA, according to Savills. Upon its completion in 2013, we expect the North Hankou Project to comprise a total GFA of 2,711,468 sq.m. of wholesale shopping units with 12 separate wholesale shopping malls, each serving a particular consumer product sector, as well as 553,264 sq.m. of supporting facilities.

As of March 31, 2011, we had completed 595,155 sq.m. in total GFA of wholesale shopping malls serving five consumer product sectors, namely footwear and leather products, small household items, hotel products and supplies, apparel and cotton knitwear products. As of March 31, 2011, 37.1% of our completed wholesale shopping mall units in terms of saleable/leaseable GFA were sold, 40.1% were held for sale and 22.8% were held as investment properties. By 2013, we expect to complete an additional GFA of 2,116,313 sq.m. of wholesale shopping mall units to serve another seven consumer product sectors comprising home textiles, electronics and home appliances, gifts, textiles, luxury goods, general products and automobiles and automobile parts and accessories, as well as expansion phases for some of our existing wholesale shopping malls.

We intend to maintain an optimal mix between wholesale shopping mall units for sale and those held as investment properties. Our strategy is to sell a higher proportion of wholesale shopping mall units in the early development phase of our projects for better cash flow while retaining for leasing income and capital appreciation a higher proportion of wholesale shopping mall units as investment properties in the later development stage of the projects. We normally retain or plan to retain street front shopping mall units and storage space in the upper floors.

Our Business Model

Our core value lies in our business model. Instead of focusing on quick realization of development income, we focus on the development and operation of wholesale shopping malls as an integrated platform for our clients to display and sell their consumer products to domestic retailers and end-consumers. We seek to achieve quality project planning and deliver quality management services to our clients. We commence our projects by conducting preliminary market research and feasibility studies to select project sites, taking into account various factors such as existing and proposed government initiatives and policies, conceptual project design, local consumer market demand for large-scale wholesale shopping malls and transportation infrastructure. We work closely with government agencies and project designers to ensure that our large-scale projects complement the local government’s development plan

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in our selected location and are professionally designed to effectively meet the business needs of our prospective clients. Upon completion of a project, we provide quality professional management services to our clients to provide an efficient operational platform for their businesses. As part of our value-added client-focused marketing services, we sponsor and participate in marketing events in Wuhan and throughout China that we believe will provide business opportunities for our clients. For example, we host the annual China North Hankou Trade Fair (中國漢口北商品交易會), a national trade fair and one of the trade fairs expressly supported by MOFCOM in the domestic consumer product market in its Notice Relating to the Promotion of Consumption by Exhibitions and Trade Fairs 《商務部辦公廳關於做好2010年內貿領域會展促消費工作的通知》 issued on February 10, 2010. The inaugural China North Hankou Trade Fair, which was held in October 2010, attracted approximately 400,000 participants and visitors and facilitated approximately Rmb 1.4 billion in aggregate sales and over Rmb 5.0 billion in aggregate contracted sales for the participants.

We are also developing a number of commercial, residential and mixed-use property projects, all within approximately 10 km of the North Hankou Project. These complementary projects include the No.1 Enterprise Community (第一企業社區), Wuhan Salon (Phase I) (武漢客廳一期), Zall Hupan Haoting Residences (卓爾湖畔豪庭) and Zall Zhujinyuan Residences (卓爾築錦苑). Our No.1 Enterprise Community features mainly low-density, low-rise, single-tenant office buildings. Upon their completion, the Zall Hupan Haoting Residences and Zall Zhujinyuan Residences are expected to have a total GFA of 507,848. We expect to complete each of the entire No.1 Enterprise Community, Zall Zhujinyuan Residences and Zall Hupan Haoting Residences in 2013. The Wuhan Salon (Phase I) is a mixed-use commercial complex, comprising retail facilities, convention center, luxury hotels, offices, high-end apartments and restaurants and other facilities with a total GFA of 776,135 sq.m.

In addition, we have proposed projects in Wuhan, Xiangyang, Tianjin and Shenyang. These projects include North Hankou Project (District II) (漢口北項目二區), Wuhan Salon (Phases II & III) (武漢客廳二、三期) and Central China Logistics Enterprise Community (中部物聯港) in Wuhan, Xiangyang Salon (襄陽客廳) in Xiangyang and Zall Northern China International Trade Center (卓爾華北國際商品交易中心), Binhai Salon (濱海客廳) and No.1 Enterprise Community Northern China Headquarters Business Park (第一企業社區•華北總部基地) in Tianjin and Northeastern China (Shenyang) International Trade Center (東北(瀋陽)國際商品交易中心), No.1 Enterprise Community Northeastern China Headquarters Business Park (第一企業社區•東北總部基地) and Northeastern Logistic Enterprise Community (東北物聯港) in Shenyang. We have entered into master, cooperation or investment agreements with various government authorities to develop these projects, which to a significant extent will be modeled on our North Hankou Project, No.1 Enterprise Community and Wuhan Salon (Phase I) in terms of the properties and services offered. 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. The signing of such master, cooperation or investment agreements does not guarantee that we will obtain the land use rights of the relevant lands identified under such agreements. As advised by our PRC legal advisers, King & Wood, the signing of the formal agreements for our development of the aforesaid proposed projects are subject to the relevant governmental procedures, including but not limited to urban landscape planning and public tender, auction, listing-for-sale of land use rights, and the relevant timelines are determined on a case by case basis by the relevant government authorities at their discretion with reference to government policies and planning (which may vary from time to time). For details, see “— Our Property Projects — Other Development Plans” below.

Our Accolades

In September 2009 and 2010, we were recognized as a Top 500 Services Industry Enterprise in China (中國服務業企業500強) by the China Enterprises Confederation (中國企業聯合會) and the Chinese Entrepreneurs' Association (中國企業家協會), based on revenue. In 2010, we were recognized as a Top 500 Private Enterprise in China (中華民營企業500強) by the All-China Federation of Industry and Commerce (中華全國工商業聯合會). In October 2010, in recognition of our North Hankou Project, we received the highly prestigious Guangsha Prize (廣廈獎) from MOHURD and the China Real Estate Association (中國房地產協會) which is awarded annually to a few outstanding landmark property projects in China. In November 2010, we won a Golden Landmark Award (金地標獎) as a “leading enterprise in the urban complex industry of China” (中國城市綜合體領軍企業) from 21st Century Business Herald 《21世紀經濟報導》, a leading Chinese business newspaper. Furthermore, in April 2010, our North Hankou Project was designated as an “AAA National Shopping Tourism Area” by the Hubei Province Tourism Bureau.

Business Activities

During the Track Record Period, our business activities primarily included (i) sale of properties in our North Hankou Project and No. 1 Enterprise Community. For the year ended December 31, 2010, the sale of these properties generated approximately Rmb 750.8 million, representing 97.5% of our revenue. Among the units sold, we subsequently leased back 476 units on the third floor of our hotel product and supplies mall for our centralized management and sub-leasing. The sale of such 476 units generated Rmb 104.7 million (net of business tax of Rmb 6.3 million) for the year ended December 31, 2010⁽¹⁾; and (ii) lease of properties in our North Hankou Project and No. 1 Enterprise Community. For the year ended December 31, 2010, the income from the leasing of these properties amounted to approximately Rmb 4.1 million, representing 0.5% of our revenue.

Substantially all of our turnover during the Track Record Period was generated from sales of wholesale shopping units in the North Hankou Project and sales of office units in the No.1 Enterprise Community. Our property management services and our investment properties leasing accounted for our remaining turnover. In 2008, 2009 and 2010, we had turnover of approximately Rmb 83.0 million, Rmb 476.6 million and Rmb 769.7 million, respectively. For the same periods, we had an operating loss of approximately Rmb 22.6 million and operating profits of approximately Rmb 112.9 million and Rmb 300.1 million, respectively, before taking into account changes in the fair value of our investment properties.

Note:

(1) In respect of the third floor of our hotel products and supplies mall with initial sale and subsequent lease arrangements (with a term of five years), the rental payments to the relevant property owners by us have been set at a level higher than our rental incomes arising from the relevant units by approximately Rmb 23.4 million in aggregate. In addition, the proceeds from the sale of the relevant units amounted to approximately Rmb 104.7 million (net of business tax of Rmb 6.3 million). The sale proceeds (net of tax) amounting to approximately Rmb 104.7 million were higher than the recognized net sales of approximately Rmb 81.3 million of the relevant units. The excess amount of approximately Rmb 23.4 million in aggregate will be fully offset by the shortfall between the rental payments to the relevant property owners by us and our rental incomes arising from the relevant units within the term of five years under the respective agreements. Our Directors have also confirmed that there is no material negative profit and loss or cashflow impact to our Company in connection with such initial sale and subsequent lease arrangements.

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STATUS OF OUR PROJECTS

As of March 31, 2011, we had completed phases of five wholesale shopping and affiliated residential properties, within our North Hankou Project and Phases I & II (low-rise office building) and No.1 high-rise office tower of No.1 Enterprise Community, and we were in the preparatory stage of the construction of Wuhan Salon (Phase I) and Zall Zhujinyuan Residences. The following table sets forth, as of March 31, 2011, selected information of our North Hankou Project and No.1 Enterprise Community:

Project	Percentage of completion (costs-basis)⁽¹⁾	Percentage of properties sold⁽²⁾	Rental occupancy rate of properties⁽³⁾
North Hankou Project			
<i>Completed properties</i>			
Footwear and leather products mall (Phase I)	100.0%	63.6%	8.5%
Small household items mall (Phase I)	100.0%	69.2%	21.7%
Hotel products and supplies mall (Phase I)	100.0%	62.7%	14.9%
Cotton knitwear mall (Phase I)	100.0%	83.6%	—
Apparel mall (Phase I)	76.6%	—	—
<i>Properties under development</i>			
Home textiles mall	18.9%	—	—
Electronics and home appliances mall	17.8%	—	—
Gift mall	23.0%	—	—
Luxury goods mall (Phase I)	15.7%	—	—
Small household items mall (Phase II)	27.1%	—	—
<i>Properties planned for future development</i>			
Footwear and leather products mall (Phase II)	—	—	—
Apparel mall (Phase II)	—	—	—
Textiles mall	—	—	—
Luxury goods mall (Phase II)	—	—	—
Auto World	—	—	—
Hotel products and supplies mall (Phase II), Cotton knitwear mall (Phase II) & Textiles mall (Phase II) ..	—	—	—
General products mall (Phase I)	—	—	—
Hotel products and supplies mall (Phase III) & Cotton knitwear mall (Phase III)	—	—	—
Average	24.4% ⁽⁴⁾	36.4%	7.3%
No.1 Enterprise Community			
<i>Completed properties</i>			
Phases I & II (low-rise office building)	100.0%	77.9%	21.6%
No.1 high-rise office tower	96.7%	—	1.2%
<i>Properties under development</i>			
Phase III (low-rise office building)	23.9%	—	—
<i>Properties planned for future development</i>			
Phase IV (low-rise office building)	—	—	—
No.2 and No.3 high-rise office towers	—	—	—
Average	34.5% ⁽⁴⁾	69.0%	9.4%

Notes:

* This table does not include supporting facilities within the two projects. See “— Our Property Projects” below for details of supporting facilities.

- (1) Calculated based on incurred development costs and the total estimated development costs (subject to finalization).
- (2) Represents GFA sold divided by completed GFA.
- (3) Represents GFA of completed properties designated for investment purposes leased by us divided by the total leasable GFA of completed properties designated by us for investment purposes.
- (4) Represents incurred development costs of completed properties and properties under development divided by the total estimated development costs of completed properties and properties under development (subject to finalization).

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For risks associated with our partial completion of North Hankou Project and No.1 Enterprise Community, see “Risk Factors — We had only developed a portion of our North Hankou Project and No.1 Enterprise Community as of March 31, 2011” and “Risk Factors — We currently depend on the development of properties within our North Hankou Project and No.1 Enterprise Community for substantially all of our turnover.”

OUR COMPETITIVE STRENGTHS

We attribute our success to the following competitive strengths:

We are well-positioned to benefit from the rapidly growing domestic consumer market demand driven by China’s continuing economic growth and national policies promoting domestic consumption

China’s economy continues to be one of the fastest-growing economies in the world with a GDP growth at a CAGR of 16.6% from 2004 to 2009. The nation’s GDP per capita, which correlates closely with consumer spending power, also experienced strong growth, increasing from Rmb 12,336 in 2004 to Rmb 25,575 in 2009, representing a CAGR of 15.7%. We believe that China’s strong economic growth and increased GDP per capita have resulted in increasing domestic demand for consumer products and, consequently, an increasing demand for large-scale, consumer product-focused wholesale shopping malls to meet such market needs. We believe that our flagship project, the North Hankou Project, is well-positioned to take advantage of opportunities presented by this economic development.

Recent PRC Government policies have also provided us with further business potential. The PRC Government has prioritized the promotion of domestic consumption in its 12th Five-Year Plan (2011-2015), as part of its efforts to reduce the PRC economy’s reliance on export trade and stimulate domestic growth, which is expected to increase domestic commerce and consumer product consumption. As a result, SMEs are expected to play an increasingly important role in a PRC economy that is driven by greater domestic demand, as demonstrated by similar growth patterns in certain developed economies, such as the U.S. and Europe, and we expect to see a corresponding increase in demand from SMEs for proactive property solutions and services such as those offered in our North Hankou Project.

We believe our large-scale, consumer product-focused wholesale shopping malls will form part of this new macro-social economic trend as evidenced by the success of our North Hankou Project.

Our operations are strategically located in Wuhan, which has historically served as a major trading and commercial center in China, and was recently selected as the key regional center in its strategic Central China Revitalization Plan

All of our current projects are located in Wuhan, the capital of Hubei Province, in Central China. Wuhan has historically served as a major trade and commerce center in China and is commonly referred to as “the thoroughfare for nine provinces” (九省通衢), which include the provinces of Anhui, Guizhou, Henan, Hubei, Hunan, Jiangxi, Shaanxi, Shanxi and Sichuan. Wuhan’s strategic importance is demonstrated by its strong annual GDP of approximately Rmb 551.6 billion, a population of 8.4 million and an annual GDP per capita of Rmb 65,920, all as of 2010. In recognition of its overall strategic importance, Wuhan has been designated by the PRC Government as the key regional center for Central China in its strategic Central China Revitalization Plan. On December 14, 2007, the “Wuhan City Circle”, which includes

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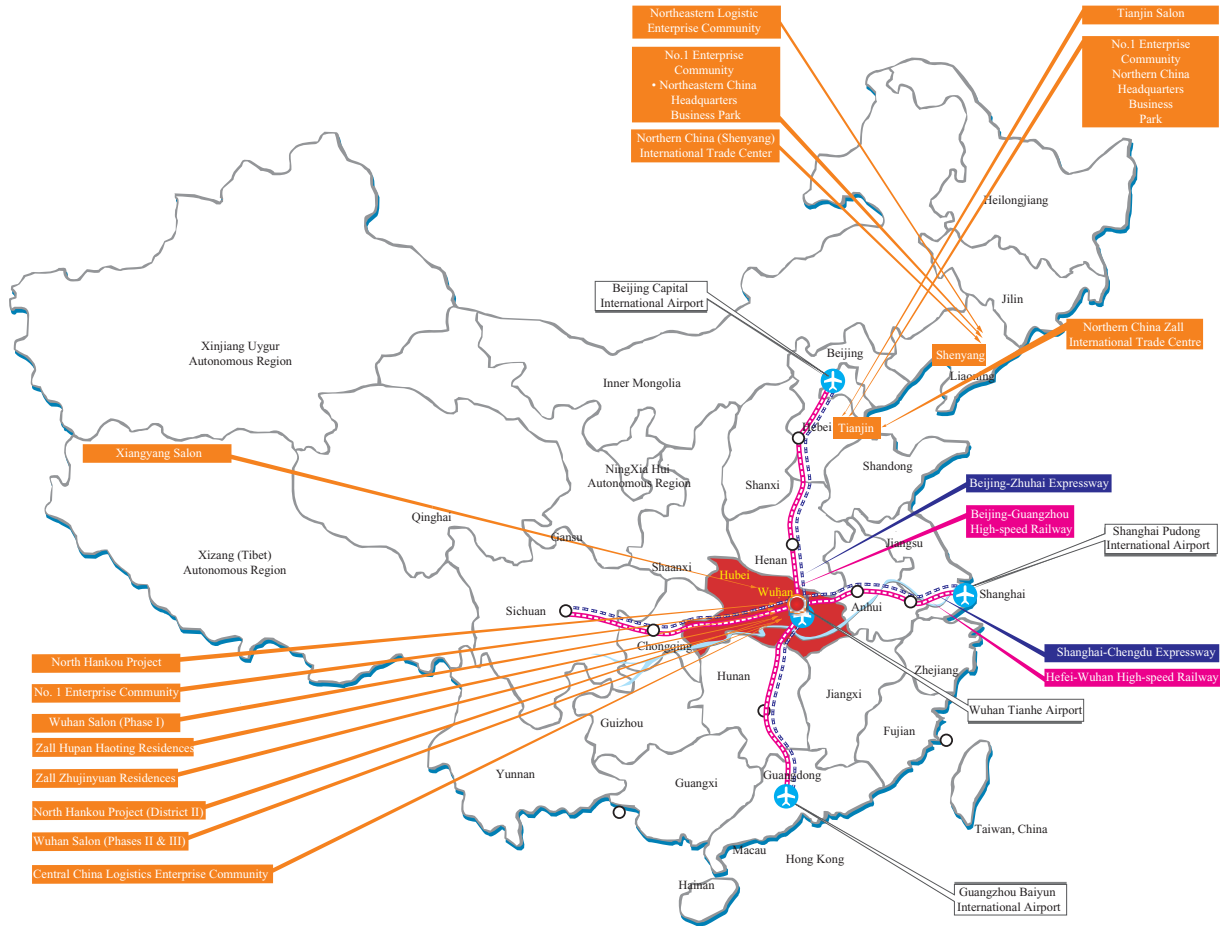
Wuhan and eight other neighboring cities in Hubei Province, was formally approved by the State Council as a trial area for the development of energy-efficient and environmentally-friendly businesses. As a result, the “Wuhan City Circle” has become a new special zone enjoying preferential government policies, which is similar to the cases of the Shenzhen Special Economic Zone, the Shanghai Pudong New District and the Tianjin Binhai New Area. In December 2009, the Wuhan Donghu High-Tech Industrial Development Zone was formally approved by the State Council as the second national development and innovation district after Beijing Zhongguancun Science Park (中關村科技園).

On a regional basis, Central China, which comprises six provinces with a total population of over 334 million and an aggregate GDP of approximately Rmb 8,269 billion in 2010, which accounted for approximately 20.8% of China’s total GDP in 2010, is expected to benefit from the proposed government initiatives prioritizing further economic development for this region. We expect to see further growth potential for Wuhan as part of the PRC Government’s economic initiatives for Central China.

Due to its central location in China, Wuhan is an important hub in China’s transportation network and is well served by all means of transportation. From Wuhan, all of the major cities in China such as Beijing, Shanghai and Guangzhou are within 1.5 hours by air and within five hours by rail. Wuhan is a key hub for China’s national high speed railway network. The Wuhan North Railway Marshalling Station near Wuhan is the largest junction railway station in Asia in terms of the size of its marshalling yard, with over 100 rail lines for freight marshalling. Following the launch of the Wuhan-Guangzhou high speed railway link in December 2009, travel time for the 968 km journey has been reduced from approximately 10.5 hours to three hours. The Wuhan-Guangzhou high speed railway is the world’s fastest non-stop train service and will extend north to Beijing. Wuhan is also well served by China’s highway network where Wuhan sits at the intersection of the Beijing-Zhuhai Highway (京珠) and the Shanghai-Chengdu Highway (滬蓉), two major national routes. Wuhan’s Tianhe International Airport, whose second terminal was completed in 2008, has been selected as China’s fourth international hub airport after Beijing Capital, Shanghai Pudong and Guangzhou Baiyun airports, and is well-served by major domestic and international airlines. The Yangtze River also offers cost-effective waterway transportation for businesses located in Wuhan. Our North Hankou Project is located within 15 kilometers from the Yangtze River Yangluo Deep Water Port, which has the largest container facilities in Central China.

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The following map illustrates the location of Wuhan in China's national transportation network and the geographical locations of our projects in China:



We have a leading market position in the development and operation of wholesale shopping malls in Wuhan in terms of planned GFA, land reserves and brand recognition. Our established position in Wuhan has given us a strategic advantage over our competitors based in other PRC cities. By locating our North Hankou Project in Wuhan, we and our clients are well-positioned to take advantage of our strategic location with convenient access to a Central China market of around 356 million in population with significant demand for consumer products.

Our robust business model is focused on developing large-scale projects and operations to complement the development plans of the local and regional governments.

Prior to developing a project, we spend considerable time on site selection to identify project development opportunities. We conduct in-depth research and analysis of government policies, economic growth potential in the area, transportation infrastructure and market demand for large-scale wholesale shopping malls, which are our hallmark projects. During the project planning stage, we work closely with local governments to ensure that we align our projects to complement their development plans. We also engage design institutes highly experienced in wholesale shopping mall projects to work with us in designing advanced and cost-effective malls and properties for our target clients in the consumer product wholesale market.

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As part of our business model, we focus on developing large-scale projects into landmark commercial and trade centers in our selected locations. We believe large-scale development offers certain advantages: (1) large-scale development projects are recognized by government authorities as they generally have a large impact on the local economy and help build name recognition of the city; (2) large-scale development projects are typically supported by local governments as they generate sizeable economic returns and tax contributions, and (3) large-scale project developments are more likely to attract market attention, which promotes our brand. In addition, large-scale projects enable us to concentrate our financial resources and human resources, thereby increasing the efficiency in the management and development of our projects.

As part of our post development and marketing operations, we provide quality after-sale services for our clients. This includes sponsoring and participating in marketing events in Wuhan and throughout China that we believe will provide business opportunities for our clients. We regularly host consumer product trade fairs, including, for example, the 2009 Wholesale Market Brand Expo in May 2009 and the annual China North Hankou Trade Fair. The China North Hankou Trade Fair is a national trade fair and one of the trade fairs supported by MOFCOM in the domestic consumer product market pursuant to the Notice Relating to the Promotion of Consumption by Exhibitions and Trade Fairs 《商務部辦公廳關於做好2010年內貿領域會展促消費工作的通知》 issued by MOFCOM on February 10, 2010. We have also set up representative sales offices in eight PRC cities covering major wholesale markets in China, namely, Yiwu, Wenzhou, Jinjiang, Guangzhou, Shanghai, Dongguan, Chengdu and Shishi. With the assistance of our representative sales offices, our clients are able to extend their business reach widely across China. Our other marketing and promotional initiatives include conducting on-site promotional activities with consumer product manufacturers and liaising and/or entering into strategic alliances with various trade and consumer product associations, such as China Leather Industry Association, Wenzhou Footwear Trade Association, Yiwu Merchants Association Hubei Branch, Guangdong Merchants Association Hubei Branch and Fujian Merchants Association Hubei Branch. In addition, we also conduct focused marketing campaigns targeting selected wholesale merchants operating in other local markets to attract them to relocate their business to our wholesale shopping malls.

We have developed close working relationships with the local and regional governments where we currently operate or plan to operate, and our North Hankou Project also enjoys support from central government authorities

In selecting new sites for our large-scale wholesale shopping malls, we strategically consult with local and regional governments to ensure that our projects are consistent with the long-term economic development plans of these authorities to develop the local economy by promoting commerce and creating new jobs for the local population as well as providing other significant economic benefits. For example, we were able to identify, at an early stage, the Wuhan Government's concern with expansion needs and existing traffic congestion problems in Wuhan's historical commercial and trading center, Hanzheng Street (漢正街), located in downtown Wuhan. In our consultation with the Wuhan Government, we positioned the North Hankou Project as an alternative commercial and trading center for Wuhan, to address some of the infrastructure concerns relating to Hanzheng Street (漢正街). As a result, our North Hankou Project was recognized as a priority development project in the 2009 and 2010 annual work reports of both the Wuhan Municipal Government and Hubei Provincial Government. We were subsequently able to secure an aggregate site area of over 600,000 sq.m. quickly in accordance with the relevant government procedures at reasonable cost. In conjunction with

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our North Hankou Project, as part of a broader effort to improve local transportation infrastructure, the relevant government authorities have also undertaken the construction of new roads and other supporting infrastructure surrounding the North Hankou Project. The local government has established city bus stations, the long-haul bus terminal, the Wuhan light-rail line 1 and the Wuhan subway line 3 to provide convenient transportation access to the North Hankou Project. In particular, the Huangpi District Government is currently building a bus terminal, the North Hankou Passenger Terminal, located adjacent to the North Hankou Project, which will provide bus connection to over 10 provinces in China upon its completion in 2012, as well as the Wuhan Boulevard (武漢大道), which, upon its completion in 2011, will provide direct highway access between the North Hankou Project and downtown Wuhan. For further details on existing and planned local transportation infrastructure surrounding the North Hankou Project, please refer to “—Our Property Projects — North Hankou Project — Transportation Network — Local Transport”.

In support of our North Hankou Project, several government agencies also maintain an on-site presence at the North Hankou Project, offering a diverse range of services including business registration and compliance, tax administration and public security to facilitate the business needs of our clients. The local government has also facilitated the set-up of bank branches and schools at our North Hankou Project to enhance the range of supporting services and facilities offered to our clients.

Our North Hankou Project also enjoys support from central government authorities, such as the Ministry of Finance and MOFCOM. In 2009, the Ministry of Finance awarded us a grant of Rmb 8.0 million to support our development of the North Hankou Project as a service industry district. In February 2010, in its Notice Relating to the Promotion of Consumption by Exhibition and Trade Fairs 《商務部辦公廳關於做好2010年內貿領域會展促消費工作的通知》，MOFCOM recognized and expressed support for the annual China North Hankou Trade Fair hosted by us as a national trade fair in the domestic consumer product market.

We have a track record of proven profitability and prudent financial management

We operate a profitable business. In 2008, 2009 and 2010, we recorded gross margins of 32.5%, 35.4% and 46.3%, respectively. Our ability to quickly grow profitability is primarily due to our ability to identify and secure large parcels of suburban land at low cost and our ability to subsequently create substantial value on such land with our developed projects. We work closely with local governments to identify suburban land suitable for the development of our large-scale projects and we benefit from capital land value appreciation as a result of local economic growth and infrastructure improvements driven by our project development.

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The following table sets forth selected information on the turnover and land cost of our projects as of December 31, 2010:

	Turnover			Land cost included in cost of sales			Land cost as a percentage of sales per sq.m			Land cost as a percentage of cost of sales per sq.m		
	For the year ended December 31,			For the year ended December 31,			For the year ended December 31,			For the year ended December 31,		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000						
North Hankou Project												
Footwear and leather products mall (Phase I);	—	303,577	130,641	—	5,507	1,905	—	1.8%	1.5%	—	2.8%	2.8%
Small household items mall (Phase I);	—	134,828	15,631	—	2,628	226	—	1.9%	1.4%	—	2.8%	2.8%
Hotel products and supplies mall (Phase I);	—	—	285,404	—	—	5,562	—	—	1.9%	—	—	3.4%
Cotton knotwear mall (Phase I)	—	—	175,473	—	—	1,236	—	—	0.7%	—	—	1.4%
No.1 Enterprise Community												
Office	82,268	37,373	130,537	5,818	2,096	7,319	7.1%	5.6%	5.6%	10.2%	10.2%	10.2%
Retail shopping units	—	—	13,076	—	—	377	—	—	2.9%	—	—	10.8%
Total	82,268	475,778	750,762	5,818	10,231	16,625						

The aggregate land premium we recognized as cost of sales for the years ended December 31, 2008, 2009 and 2010 was Rmb 3.3 million, Rmb 8.8 million and Rmb 12.8 million, respectively.

During the Track Record Period, our projects were concentrated in Wuhan and the large-scale nature of our projects enabled us to achieve significant economies of scale and enhance gross margin. In addition, as of March 31, 2011, we had approximately 16.4 million sq.m. in land reserves, of which approximately 4.4 million sq.m. had been granted land use right certificates, while approximately 12.0 million sq.m. were the subject of non-legally binding master, cooperation and investment agreements with various government authorities. We presently expect these reserves to be sufficient for our development needs for the next three to five years, and to help sustain our profitability for a considerable period, as the land cost is locked in and we anticipate that we will be able to enjoy long-term land value appreciation benefits.

We generate strong cash flows from the sales and leasing of our properties, as well as from our property management services. In particular, we maintain a stable cash flow by keeping a flexible ratio between properties for sale and properties for leasing. As we continue to develop our North Hankou Project to commence offering warehouse leasing services, hotel and restaurant services and other supporting services, we expect that our cash flow position will further improve. In addition, our overall bank loans was Rmb 137.0 million, Rmb 270.9 million and Rmb 339.7 million, respectively, as of December 31, 2008, 2009 and 2010, with the debt-equity ratio (calculated by overall bank loans divided by total equity attributable to shareholders of the Company) being 19.0%, 18.5% and 19.4%, respectively, as of the same dates.

We have an experienced, entrepreneurial and highly customer-focused management team

Our senior management team has on average over six years of experience in the real estate and consumer product markets in China, which has helped us understand the business needs of our clients and effectively customize our products and services to meet client

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expectations. The vision, experience and entrepreneurial spirit of our management team, together with their strong focus on customer needs, have contributed to our strong financial and operational performance and our ability to manage our North Hankou Project and expand into new projects in a well-organized and disciplined manner. In particular, Mr. Yan, our founder, Chairman and executive Director, has played a key role in our success. Before founding our Group, Mr. Yan had approximately 15 years of experience in the advertising industry and we have benefited from his extensive network of contacts in various industries as we expanded our client base, as well as his experience in serving business clients. Our senior management team's collective experience and knowledge in developing and managing large-scale commercial property projects have also helped us cultivate strong relationships with government agencies, industry leaders, major clients, consumer product manufacturers and their suppliers and distributors and other market participants.

We also take a long-term view on the recruitment, training and career development of our work force. We have access to a deep talent pool of graduates from higher educational institutions located in Wuhan, which has the largest student enrollment population for tertiary institutions among Chinese cities. We believe we will be able to selectively recruit well-qualified employees from this Wuhan-based talent pool as we continue to grow our business. We provide management training, including external training at major Chinese business schools, for our selected employees to ensure that we have continuity in our senior management team. Over half of our senior management team have obtained master's degree, or are currently in the process of completing courses for master's degree. We believe that our experienced and committed management team enhances our ability to develop and implement our strategies quickly to respond to the changing business needs of our clients.

OUR BUSINESS STRATEGIES

We aim to become the largest provider and operator of consumer product-focused wholesale shopping malls and business space in China. To achieve this, we intend to focus on the following strategies:

Continue to develop and operate our flagship project, the North Hankou Project

In order to consolidate our leading market position and enhance brand recognition, we believe it is critical that we continue to develop and operate our flagship project, the North Hankou Project. Our ability to successfully develop and operate the North Hankou Project will be instrumental to our ability to leverage our business model in new projects in selected cities across China.

In terms of project development, we intend to continue implementing and improving our business model with a focus on quality and cost control and product and service customization. In term of on-going project operations, we plan to further strengthen our relationship with existing clients in our wholesale shopping malls by focusing on customized service offerings to our clients. We believe that by maintaining a high level of product and client service quality, we will be able to increase client retention and improve loyalty among our major clients.

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Maximize occupancy rates, rental rates and traffic flow in the North Hankou Project and other planned projects

We plan to maximize our occupancy rates, rental rates and traffic flow in our projects by adopting the following initiatives:

Provide preferential rental terms to achieve higher occupancy rates and increase rental rates. We believe we should attract high-quality tenants by offering attractive rental terms as our first priority when we commence operations in a new wholesale shopping mall and then increase rental rates steadily as occupancy rates increase. We believe we will be able to increase rental rates after the initial lease as our clients will have by then established their businesses in our wholesale shopping malls and have benefited from the increased flow of trade in such wholesale shopping malls and the wide range of value-added supporting services and facilities, and therefore be more likely to renew their leases on improved terms.

Leverage and improve supporting infrastructure and services. We plan to enhance the demand for our wholesale shopping mall units by leveraging and improving the supporting infrastructure and facilities available to our clients and their customers. In the North Hankou Project, we continue to work closely with the local government to expand the range of supporting infrastructure and services available on-site. We provide free shuttle bus services to certain locations in Wuhan for our tenants and their customers. We also have strategic alliance with leading third-party service providers, including leading PRC banks and telecommunication companies, to expand the range of supporting services offered to our clients. In terms of surrounding infrastructure development for the North Hankou Project, we will continue to work with the local government to extend road and rail connections to the North Hankou Project to facilitate transportation access. In addition, we expect to continue to expand our warehouse leasing services to support the on-going development of properties within our North Hankou Project.

Attract and secure high-quality long-term anchor clients. We intend to continue to use our strong relationships with existing clients and trade associations representing SMEs, domestic suppliers, manufacturers and distributors, as well as business contacts developed by Mr. Yan, our founder, Chairman and executive Director, and the rest of our senior management team to secure high-quality clients to form the core of our client base. As of the Latest Practicable Date, we have entered into sales contracts in respect of more than 10,000 wholesale shopping mall units with our clients for their merchandising operations in the North Hankou Project, and we intend to expand this base of quality tenants. We believe that securing high-quality anchor tenants will increase the stability of our tenant base and help raise the profile and reputation of our wholesale shopping malls, as well as increase the flow of trade within these centers, thereby enhancing our project status as a preferred business platform for our clients and allowing us to augment rental rates and sales prices for our wholesale shopping mall units.

Expand our offering of products and services to diversify our revenue source and continue to optimize our revenue stream

We intend to expand our offering of value-added, integrated services in order to meet individual needs and requirements of our clients and their customers. We are currently developing a central warehouse and intend to develop a logistics center to expand our warehouse space and facilitate third-party logistics services provided to our client. We expect that our warehouse leasing services and third-party logistics services will serve as critical service components of our North Hankou Project as our existing and prospective clients

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expect to have ready access to such services as part of an integrated business platform supporting their business operations. We believe that quality warehouse leasing services will become increasingly important in our ability to secure key clients in our wholesale shopping malls and to enhance our revenue generating capabilities.

Selectively pursue expansion projects by replicating our successful business model in other regional cities with a market demand for large-scale wholesale shopping malls

We intend to leverage our experience with the North Hankou Project to develop similar large-scale wholesale shopping malls in other cities in China. We will continue to focus our expansion to regional cities that meet our strategic criteria, including market demand for large-scale wholesale shopping malls, location with easy access to well-developed transportation networks, local and regional economic growth potential for domestic product consumption, and strong local and regional government support for the development of our projects. We are currently planning to develop additional projects in Wuhan and Xiangyang in Hubei Province, Tianjin Municipality, and Shenyang in Liaoning Province. These projects are expected to be largely modeled on the North Hankou Project, No.1 Enterprise Community and Wuhan Salon.

Achieve optimal mix between shopping mall units for sale and those held as investment properties

We intend to maintain an optimal mix of properties generating long-term recurring income and capital appreciation and properties generating profit from sales. We plan to strategically balance the level of GFA for sale and that for investment in our completed projects, properties under development and planned for future development, in order to enhance our working capital position and to finance a portion of our project development costs. In this respect, we sell a higher proportion of wholesale shopping mall units in the early development phase of our projects for better cash flow and retain a higher proportion of wholesale shopping mall units as investment properties in the later development stage of our projects. Upon completion of a project, we expect to retain an interest in the properties we develop, from 30% to 50% of the GFA in a project.

OUR PROPERTY PROJECTS

We currently have the following projects in various stages of development:

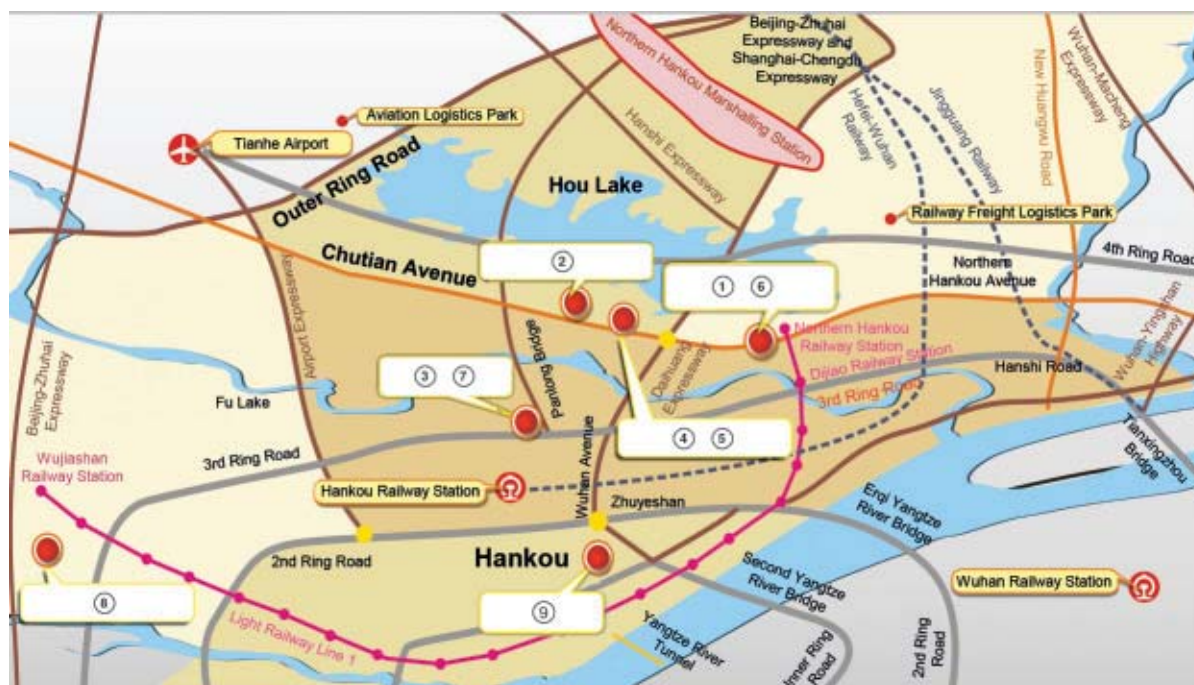
- North Hankou Project (漢口北國際商品交易中心), with a total site area of 1,488,310 sq.m. and a total planned GFA of approximately 3,264,732 sq.m., of which, as of March 31, 2011, approximately 656,883 sq.m. in total GFA were completed, approximately 296,537 sq.m. in total GFA were under development, and approximately 2,311,312 sq.m. in total GFA were intended for future development;
- No.1 Enterprise Community (第一企業社區), with a total site area of 610,719 sq.m. and a total planned GFA of approximately 893,439 sq.m., of which, as of March 31, 2011, approximately 174,462 sq.m. in total GFA were completed, approximately 243,191 sq.m. in total GFA were under development, and approximately 475,786 sq.m. in total GFA were intended for future development;
- Wuhan Salon (Phase I) (武漢客廳一期), with a total site area of 268,565 sq.m. and a total planned GFA of approximately 776,135 sq.m., all of which were intended for future development as of March 31, 2011;
- Zall Hupan Haoting Residences (湖畔豪庭), with a total site area of 177,453 sq.m. and a total planned GFA of approximately 337,572 sq.m., all of which, were under development as of March 31, 2011;

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- Zall Zhujinyuan Residences (築錦苑), with a total site area of 61,002 sq.m. and a total planned GFA of approximately 170,276 sq.m., all of which were intended for future development as of March 31, 2011;
- Zall Center (卓爾中心), with a total estimated site area of 3,344 sq.m., all of which were intended for future development as of March 31, 2011;
- North Hankou Project (District II) (漢口北國際商品交易中心二區), with a total estimated site area of 1,312,222 sq.m. and a total planned GFA of approximately 3,280,555 sq.m., all of which were intended for future development as of March 31, 2011;
- Wuhan Salon (Phases II & III) (武漢客廳二、三期), with a total estimated site area of 633,650 sq.m., and a total planned GFA of 1,930,095 sq.m., all of which were intended for future development as of March 31, 2011;
- Xiangyang Salon (襄陽客廳), with a total estimated site area of 1,133,900 sq.m. and a total GFA of 3,154,910 sq.m., all of which were intended for future development as of March 31, 2011;
- No.1 Enterprise Community • Northern China Headquarters Business Park (第一企業社區 • 華北總部基地), with a total estimated site area of 200,100 sq.m., all of which were intended for future development as of March 31, 2011;
- Binhai Salon (濱海客廳), with a total estimated site area of 954,000 sq.m., all of which were intended for future development as of March 31, 2011;
- Zall Northern China International Trade Center (卓爾華北國際商品交易中心), with a total estimated site area of 380,000 sq.m. and a total planned GFA of 950,000 sq.m. all of which were intended for future development as of March 31, 2011;
- Central China Logistics Enterprise Community (中部物聯港), with a total estimated site area of 155,411 sq.m. and a total planned GFA of 388,528 sq.m., all of which were intended for future development as of March 31, 2011;
- Northeastern China (Shenyang) International Trade Center (東北 (瀋陽) 國際商品交易中心), with a total estimated site area of 1,067,200 sq.m. and a total planned GFA of approximately of 2,333,345 sq.m., all of which were intended for future development as of March 31, 2011;
- No.1 Enterprise Community Northeastern China Headquarters Business Park (第一企業社區 • 卓爾東北總部基地), with a total site area of 333,500 sq.m., all of which were intended for future development as of March 31, 2011; and
- Northeastern Logistics Enterprise Community (東北物聯港), with a total estimated site area of 533,600 sq.m., all of which were intended for future development as of March 31, 2011.

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The following map illustrates the geographic locations of our projects in Wuhan:



- (1) North Hankou Project
- (2) No.1 Enterprise Community
- (3) Wuhan Salon (Phase I)
- (4) Zall Hupan Haoting Residences
- (5) Zall Zhujinyuan Residences
- (6) North Hankou Project (District II)
- (7) Wuhan Salon (Phases II & III)
- (8) Central China Logistics Enterprise Community
- (9) Zall Center

We classify our properties into three categories according to the stage of development:

- completed properties, representing properties for which we have received the certificates of completion;
- properties under development, representing properties for which we have received the land use rights certificates, and the construction of which has commenced but has not been completed; and
- properties planned for future development, representing (i) properties for which we have received the land use rights certificates but have not yet commenced construction; and/or (ii) properties for which we have entered into master, cooperation or investment agreements with the relevant government authorities regarding future development and we are in the process of carrying out the necessary PRC regulatory procedures to obtain the land use rights certificates, including acquisition of land through public tender, auction or listing-for-sale, entering into land grant contracts and payment of land premiums. These projects are in the planning stage. The description of any such project in this prospectus reflect our current expectations and projections only, and are subject to change and the outcome of the PRC regulatory procedures relating to the land grant.

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Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each project may be divided into multiple phases and subject to multiple land use rights certificates, construction permits, pre-sale permits and other permits and certificates, which may be issued at different times throughout the project's development. Our classification of properties is also different from the classification of properties in the Property Valuation Report in Appendix IV to this prospectus and the Accountants' Report in Appendix I to this prospectus. These reports have been prepared pursuant to the requirements of the relevant professions.

The table below sets forth our classification of properties, and the corresponding classification of properties in the Property Valuation Report and the Accountants' Report:

<u>This prospectus</u>	<u>Property Valuation Report</u>	<u>Accountants' Report</u>
<ul style="list-style-type: none"> ● Completed properties, representing properties with certificates of completion (including completed properties that have been sold) 	<ul style="list-style-type: none"> ● Group I and II— Properties which were completed and held by the Group for sale or own use (excluding completed properties that have been sold and delivered) ● Group V—Properties held by the Group for investment (consisting of completed properties only) 	<ul style="list-style-type: none"> ● Completed properties held for sale (excluding completed properties that have been sold) ● Investment properties ● Property, plant and equipment
<ul style="list-style-type: none"> ● Properties under development, representing properties for which we have obtained land use rights certificates, and the construction of which has commenced but has not been completed 	<ul style="list-style-type: none"> ● Group V—Properties held by the Group for investment (consisting of properties under development only) ● Group III—Properties held by the Group under development 	<ul style="list-style-type: none"> ● Properties under development ● Property, plant and equipment
<ul style="list-style-type: none"> ● Properties planned for future development, representing (i) properties for which we have received the land use rights certificates but have not yet commenced construction; or (ii) properties for which we have entered into master, cooperation or investment agreements with the relevant government authorities regarding future development and we are in the process of carrying out the necessary PRC regulatory procedures to obtain the land use rights certificates 	<ul style="list-style-type: none"> ● Group IV—Properties held by the Group for future development ● Group VI—Properties intended to be acquired by the Group 	<ul style="list-style-type: none"> ● Expenditure incurred for projects for which we have not yet obtained land use rights certificates are recorded as deposits, and prepayments, other receivables and properties under development within our current assets

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For details of the classification of properties in the Property Valuation Report and the Accountants' Report, see "Appendix IV—Property Valuation Report" and "Appendix I—Accountants' Report" to this prospectus, respectively.

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The following table sets forth an overview of our property projects as of March 31, 2011:

Project	Site area	Actual/ estimated construction commencement date (month/year) ⁽¹⁾	Actual/ estimated pre- sale commencement date (month/year)	Actual/ estimated construction completion date (month/year) ⁽²⁾	Remaining term of land use rights (years)	Percentage of completion ⁽³⁾	Total GFA/ Total planned GFA ⁽⁴⁾	GFA with construction permits	GFA without construction permits
Completed properties									
<i>North Hankou Project</i>									
Footwear and leather products mall (Phase I) (note 13)	90,536	04/2008	10/2008	08/2009	47 and 49	100.0%	138,178	138,178	—
Small household items mall (Phase I) (note 13)	90,536	04/2008	10/2008	08/2009	47 and 49	100.0%	48,785	48,785	—
Hotel products and supplies mall (Phase I)	51,071	10/2008	01/2009	10/2009	47	100.0%	99,440	99,440	—
Cotton knitwear mall (Phase I) (note 14)	23,937	04/2009	09/2009	08/2010	47	100.0%	49,369	49,369	—
Apparel mall (Phase I)	71,851	04/2010	08/2010	03/2011	47	76.6% ⁽⁹⁾	259,383	259,383	—
Affiliated residential property (note 14)	23,937	04/2009	09/2009	03/2011	47	94.0% ⁽⁹⁾	61,728	61,728	—
<i>No.1 Enterprise Community</i>									
Phases I & II (low-rise office building)	129,506	09/2005	11/2005	10/2008	44	100.0%	154,386	154,386	—
No.1 high-rise office towers	4,968	08/2008	05/2009	03/2011	44	96.7% ⁽⁹⁾	20,076	20,076	—
Subtotal/Average	371,869					91.8%⁽¹⁰⁾	831,345	831,345	—
Properties under development									
<i>North Hankou Project</i>									
Luxury goods mall (Phase I)	19,157	03/2010	07/2011	10/2011	47 and 49	15.7%	40,385	—	40,385
Home textiles mall	19,800	12/2010	12/2010	09/2011	49	18.9%	40,385	40,385	—
Gift mall	37,571	12/2010	12/2010	09/2011	49	23.0%	42,339	42,339	—
Small household items mall (Phase II)	24,444	12/2010	12/2010	09/2011	47	27.1%	41,507	38,046	3,461
Electronics and home appliances mall	30,544	08/2010	07/2011	10/2011	47 and 49	17.8%	42,339	—	42,339
Office building	3,537	08/2010	07/2011	04/2012	47 and 49	12.3%	34,340	—	34,340
Central warehouse (Phase I)	35,097	03/2009	retained	02/2012	47,48 and 49	45.7%	55,242	—	55,242
<i>No.1 Enterprise Community</i>									
Phase III (low-rise office building)	221,556	12/2009	05/2011	12/2011	44	23.9%	243,191	78,766	164,425
<i>Zall Hupan Haoting Residences</i>									
Construction started	177,453	03/2011	08/2012	03/2013	65	—	337,572	—	—
Construction yet started	72,000	—	—	—	—	32.5%	130,799	127,717	3,082
	105,453	—	—	—	—	N/A ⁽¹⁷⁾	206,773	—	206,773
Subtotal/Average	569,159					20.2%⁽¹⁰⁾	877,300	327,253	550,047
Properties planned for future development									
<i>North Hankou Project</i>									
Footwear and leather products mall (Phase II)	44,956	06/2011	10/2011	10/2012	49	N/A ⁽¹⁷⁾	104,638	—	104,638
Apparel mall (Phase II)	79,799	06/2011	10/2011	10/2012	49	N/A ⁽¹⁷⁾	160,702	—	160,702
Textiles mall	56,512	06/2011	12/2011	10/2012	49	N/A ⁽¹⁷⁾	112,337	—	112,337
Luxury goods mall (Phase II)	41,728	10/2011	08/2012	05/2013	49	N/A ⁽¹⁷⁾	115,299	—	115,299
Auto World (Phase I)	246,601	08/2011	10/2011	06/2012	48	N/A ⁽¹⁷⁾	405,787	—	405,787
Auto World (Phase II)	86,031	01/2012	06/2012	06/2013	49	N/A ⁽¹⁷⁾	124,745	—	124,745
Hotel	3,886	06/2011	retained	10/2013	49	N/A ⁽¹⁷⁾	33,319	—	33,319
Restaurants	4,269	06/2011	retained	10/2012	49	N/A ⁽¹⁷⁾	3,898	—	3,898
Logistic center	120,772	08/2011	retained	12/2012	49	N/A ⁽¹⁷⁾	301,931	—	301,931
Hotel products and supplies mall (Phase II) - Cotton knitwear mall (Phase II) & Textiles mall (Phase II)	153,435	10/2011	06/2012	05/2013	49	N/A ⁽¹⁷⁾	383,587	—	383,587
General products mall (Phase I)	98,884	06/2012	12/2012	10/2013	49	N/A ⁽¹⁷⁾	247,209	—	247,209
Central warehouse expansion (Phase I)	41,871	07/2012	10/2013	09/2013	49	N/A ⁽¹⁷⁾	62,806	—	62,806
Hotel products and supplies mall (phase III) & Cotton knitwear mall (phase III)	102,021	06/2012	12/2012	06/2013	49	N/A ⁽¹⁷⁾	255,054	—	255,054
<i>No.1 Enterprise Community</i>									
Phase IV (low-rise office building)	237,855	10/2011	05/2012	03/2013	48 and 49	N/A ⁽¹⁷⁾	356,782	—	356,782
No. 2 and No. 3 high-rise office towers	7,580	08/2011	12/2011	12/2010	44	N/A ⁽¹⁷⁾	91,704	—	91,704
Service center	9,254	08/2011	03/2012	03/2013	44	N/A ⁽¹⁷⁾	27,300	—	27,300
<i>Wuhan Salon (Phase I)</i>									
	268,565	08/2011	06/2012	12/2013	40 and 70	N/A ⁽¹⁷⁾	776,135	—	776,135
<i>Zall Zhujinyuan Residences</i>									
	61,002	08/2011	12/2012	06/2013	68	N/A ⁽¹⁷⁾	170,276	—	170,276
<i>Zall Center (note 15)</i>									
	3,344					N/A ⁽¹⁷⁾			
Subtotal/Average	1,668,365					N/A⁽¹⁷⁾	3,733,509	—	3,733,509
Total/Average	2,609,393					25.2%⁽¹⁶⁾	5,442,154	1,158,598	4,283,556
Attributable GFA (sq.m.)	2,326,234						4,928,043	1,096,017	3,832,026

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Project	Non-Saleable/ Non-Leasable GFA	GFA sold/ pre-sold ⁽⁵⁾⁽⁶⁾	Saleable GFA ⁽⁵⁾⁽⁷⁾	Leasable GFA held for Investment ⁽⁵⁾⁽⁸⁾	Property delivery date (month/year)	Outstanding commitments for current phase of construction (RMB millions)	Development costs incurred (Rmb millions) ⁽¹¹⁾	Estimated future development costs (Rmb millions) ⁽¹¹⁾	Interest attributable to the Group ⁽¹²⁾	Reference to Property Valuation Project GFA Report
Completed properties										
<i>North Hankou Project</i>										
Footwear and leather products mall (Phase I) (note 13)	—	87,904	25,109	25,165	08/2009	—	571.1	—	100%	5,24
Small household items mall (Phase I)	—	33,735	2,042	13,008	08/2009	—	—	—	100%	5,24
Hotel products and supplies mall (Phase I) (note 13)	2,478	60,798	4,058	32,106	10/2009	—	264.7	—	100%	5,24
Cotton knitwear mall (Phase I) (note 14)	8,745	33,952	4,283	2,389	08/2010	—	104.6	—	100%	5,24
Apparel mall (Phase I)	—	—	198,902	60,481	06/2011	—	516.9	157.5	100%	5,24
Affiliated residential property (note 14)	—	—	61,728	—	05/2011	—	141.9	9.0	100%	5
<i>No.1 Enterprise Community</i>										
Phases I & II (low-rise office building)	5,585	120,306	21,847	6,648	07/2006	—	234.7	—	100%	1,2,4,22,23
No.1 high-rise office towers	—	—	10,156	9,920	04/2011	—	61.9	2.1	100%	6,21
Subtotal/Average	16,808	336,695	328,125	149,717		—	1,895.8	168.6		
Properties under development										
<i>North Hankou Project</i>										
Luxury goods mall (Phase I)	185	—	40,200	—	12/2011	23.0	18.3	98.2	100%	8
Home textiles mall	185	25,485	35,028	5,172	11/2011	19.0	22.4	96.2	100%	8,24
Gift mall	127	24,602	35,533	6,679	11/2011	20.0	28.7	95.9	100%	8,24
Small household items mall (Phase II)	—	29,865	36,183	5,324	11/2011	15.0	33.2	89.3	100%	8,24
Electronics and home appliances mall	127	—	42,212	—	12/2011	25.0	21.8	100.5	100%	8
Office building	1,563	—	32,777	—	04/2012	20.0	11.1	79.5	100%	8
Central warehouse (Phase I)	—	—	—	55,242	retained	0.5	30.1	35.7	100%	25
<i>No.1 Enterprise Community</i>										
Phase III (low-rise office building)	—	—	243,191	—	12/2011	—	103.7	330.6	100%	7
<i>Zall Hupan Haoting Residences</i>										
Construction started	8,772	—	328,800	—	05/2013	—	153.6	746.0	51%	9
Construction yet started	8,247	—	122,552	—	—	—	113.5	236.3	—	—
	525	—	206,248	—	—	—	40.1	509.7	—	—
Subtotal/Average	10,959	79,952	793,924	72,417		122.5	422.9	1,671.9		
Properties planned for future development										
<i>North Hankou Project</i>										
Footwear and leather products mall (Phase II)	3,543	—	101,095	—	10/2012	42.0	12.3	283.7	100%	14
Apparel mall (Phase II)	—	—	160,702	—	10/2012	64.0	21.6	433.7	100%	14
Textiles mall	—	—	112,337	—	10/2012	—	15.1	342.7	100%	14
Luxury goods mall (Phase II)	—	—	115,299	—	05/2013	—	11.0	347.3	100%	14
Auto World (Phase I)	—	—	405,787	—	06/2012	—	103.3	922.1	50%	18
Auto World (Phase II)	—	—	124,745	—	06/2013	—	15.5	315.3	50%	18
Hotel	—	—	—	33,319	retained	43.0	16.4	75.7	100%	24
Restaurants	—	—	—	3,898	retained	—	1.4	9.4	100%	24
Logistic center	—	—	301,931	—	retained	—	22.3	759.0	100%	19
Hotel products and supplies mall (Phase II) - Cotton knitwear mall (Phase II) & Textiles mall (Phase II)	—	—	383,587	—	06/2013	—	48.2	1,070.0	100%	14
General products mall (Phase I)	—	—	247,209	—	12/2013	—	29.7	690.9	100%	14
Central warehouse expansion (Phase I)	—	—	62,806	—	10/2013	—	13.2	61.5	100%	14
Hotel products and supplies mall (phase III) & Cotton knitwear mall (phase III)	—	—	255,054	—	08/2013	—	32.8	759.9	100%	14
<i>No.1 Enterprise Community</i>										
Phase IV (low-rise office building)	—	—	356,782	—	03/2013	—	151.9	545.3	100%	13
No. 2 and No. 3 high-rise office towers	—	—	91,704	—	12/2012	83.0	28.3	222.0	100%	10
Service center	—	—	27,300	—	03/2013	—	9.8	68.9	100%	11
<i>Wuhan Salon (Phase I)</i>	7,860	—	768,275	—	12/2013	—	757.8	1,941.8	100%	12
<i>Zall Zhujinyuan Residences</i>	7,150	—	163,126	—	08/2013	—	70.6	358.0	51%	15,16,17
<i>Zall Center (note 15)</i>	—	—	—	—	—	—	38.0	N/A	100%	20
Subtotal/Average	18,553	—	3,677,739	37,217		278.0	1,399.2	9,207.2		
Total/Average	46,320	416,647	4,799,788	259,351		400.5	3,717.9	11,047.7		
Attributable GFA (sq.m.)	38,519	416,647	4,293,478	259,351		400.5	3,548.6	9,888.0		

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Notes:

- (1) The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first building of the project. For properties planned for future development, the estimated construction commencement date of a project reflects our best estimate based on our current development plan.
- (2) The actual construction completion date set out in the description of our completed properties refers to the date on which the completed construction works certified report was obtained for each property or each phase of a multi-phase property. For properties under development or planned for future development, the estimated construction completion date of a property or phase reflects our best estimate based on our current development plan.
- (3) Calculated based on incurred development costs and the total estimated development costs (subject to finalization).
- (4) “Total GFA” of completed properties represents the GFA provided in surveying reports or the record of examination and acceptance upon project completion (竣工驗收備案證明) by relevant government authorities; “Total GFA” of properties under development is based on land surveyor’s estimates and/or planning permits; “Total planned GFA” of properties planned for future development is based on designer’s data and/or our internal records or estimates.
- (5) The following information is based on our internal records: (a) GFA sold/pre-sold, (b) saleable GFA and (c) leasable GFA held for investment.
- (6) “GFA pre-sold” of properties under development represents GFA that is the subject of sales agreements signed with customers.
- (7) “Saleable GFA” of completed properties represents GFA designated by us for sale but having not been sold; “Saleable GFA” of properties under development represents estimated GFA that is designated by us for sale, being among the GFA that is leasable or saleable according to the pre-sale permit (預售許可證) or, where the pre-sale permit is not yet available, our internal records and estimates.
- (8) “Leasable GFA held for investment” of completed properties represents GFA that was designated by us for leasing including GFA that has been leased and GFA that is available for leasing; “Leasable GFA held for investment” of properties under development represents estimated GFA that is designated by us for leasing, being among the GFA that is leasable or saleable according to the pre-sale permit (預售許可證) or, where the pre-sale permit is not yet available, our internal records and estimates.

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- (9) Based on the completed GFA provided in surveying reports or the record of examination and acceptance upon project completion (竣工驗收備案證明) by relevant government authorities, the percentages of completion of apparel mall, and affiliated residential property and No. 1 high-rise office towers are 100%.
- (10) Represents incurred development costs of completed properties and properties under development divided by the total estimated development costs of completed properties and properties under development (subject to finalization).
- (11) The following information on properties planned for future development is based on our internal records or estimates:
(a) development costs incurred and (b) estimated future development costs.
- (12) We hold 100% interest in all properties except Auto World (50% interest), Zall Zhujinyuan Residences (51% interest) and Zall Hupan Haoting Residences (51% interest).
- (13) Footwear and leather products mall (Phase I) is adjacent to small household items mall (Phase I). The aggregate site area of the two malls is 90,536 sq.m..
- (14) Affiliated residential property is situated above the cotton knitwear mall (Phase I). The aggregate site area of cotton knitwear mall (Phase I) and affiliated residential property is 23,937 sq.m..
- (15) Certain particulars of Zall Center are not available as we are in the process of applying for conversion of the designated use of the relevant land.
- (16) Based on the completed GFA provided in surveying reports or the record of examination and acceptance upon project completion (竣工驗收備案證明) issued by the relevant government authorities as of March 31, 2011, the overall percentage of completion of our projects is 15.3%.
- (17) Not applicable because construction has not yet commenced.

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The following table sets forth an overview of our properties planned for future development which are based on these master, cooperation and investment agreements we have entered into with relevant government authorities regarding future development as of March 31, 2011. For further details, see “—Our Property Projects—Other development plans”. The site area information indicated for these projects represents estimated site area pursuant to the related master, cooperation or investment agreements, which are indicative only and subject to change:

Project	Estimated construction commencement date (month/year) ⁽¹⁾	Estimated construction completion date (month/year) ⁽²⁾	Site area ⁽³⁾	Total planned GFA	Percentage of Completion	Completed Properties			Non-saleable/Non-leasable GFA
						GFA sold	Saleable GFA remaining unsold	Leasable GFA held for investment	
(in sq.m., except dates and percentage of interest)									
North Hankou Project (District II) ⁽⁴⁾	03/2013	12/2015	1,312,222	3,280,555	—	—	—	—	—
Wuhan Salon (Phases II & III)	01/2013	12/2016	633,650	1,930,095	—	—	—	—	—
Xiangyang Salon	—	—	1,133,900	3,154,910	—	—	—	—	—
No.1 Enterprise Community Northern China Headquarters Business Park	—	—	200,100	—	—	—	—	—	—
Binhai Salon	—	—	954,000	—	—	—	—	—	—
Zall Northern China International Trade Center	—	—	380,000	950,000	—	—	—	—	—
Central China Logistics Enterprise Community	—	—	155,411	388,528	—	—	—	—	—
Northeastern China (Shenyang) International Trade Center	—	—	1,067,200	2,333,345	—	—	—	—	—
No.1 Enterprise Community Northeastern China Headquarters Business Park	—	—	333,500	—	—	—	—	—	—
Northeastern Logistic Enterprise Community	—	—	533,600	—	—	—	—	—	—
Total	—	—	6,703,583	12,037,433	—	—	—	—	—

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Project	Property delivery date (month/year)	Properties under development			Properties planned for future development		Development costs Incurred (Rmb millions)	Estimated future development costs (Rmb millions)	Interest attributable to the Group	Reference to Property Valuation Report
		Saleable/leasable GFA	Pre-sold GFA	Planned GFA	Land use rights not yet obtained					
(in sq.m., except dates and percentage of interest)										
North Hankou Project (District II) ⁽³⁾	—	—	—	—	3,280,555	3,280,555	—	—	—	29
Wuhan Salon (Phases II & III) ⁽³⁾	—	—	—	—	1,930,095	1,930,095	—	—	—	26
Xiangyang Salon ⁽³⁾	—	—	—	—	3,154,910	3,154,910	—	—	—	27
No.1 Enterprise Community Northern China Headquarters Business Park	—	—	—	—	—	—	—	—	—	31
Binhai Salon ⁽³⁾	—	—	—	—	—	—	—	—	—	31
Zall Northern China International Trade Center ⁽³⁾	—	—	—	—	950,000	950,000	—	—	—	31
Central China Logistics Enterprise Community ⁽³⁾	—	—	—	—	388,528	388,528	—	—	—	28
Northeastern China (Shenyang) International Trade Center ⁽³⁾	—	—	—	—	2,333,345	2,333,345	—	—	—	30
No.1 Enterprise Community Northeastern China Headquarters Business Park ⁽³⁾	—	—	—	—	—	—	—	—	—	30
Northeastern Logistic Enterprise Community ⁽³⁾	—	—	—	—	—	—	—	—	—	30
Total	—	—	—	—	<u>12,037,433</u>	<u>12,037,433</u>	—	—	—	—

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Notes:

- (1) The estimated construction commencement date of a project reflects our best estimate based on our current development plan.
- (2) The estimated construction completion date of a property or phase reflects our best estimate based on our current development plan.
- (3) The site area information indicated for these projects represents estimated site area pursuant to the related master, cooperation or investment agreements, and is indicative only and subject to change.
- (4) We obtained the agreement letters of land use right (土地成交確認書) relating to two parcels of land with a site area of 98,980 sq.m. and 217,722 sq.m., respectively, which are planned for future development as our central warehouse (Phase II) and general products mall (Phase II), respectively, in our North Hankou Project (District II), through public tender and auction in June 2011. We are applying for the land use certificates for these two parcels of land and expect to obtain the relevant land use right certificates in July 2011.

The site area information in this prospectus is derived on the following basis:

- when we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in such land use rights certificates; and
- before we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in the relevant land grant contracts or the relevant government documentation relating to the projects, excluding, however, the areas earmarked for public infrastructure such as roads and community recreation zones.

The GFA information in this prospectus is derived on the following basis:

- For total GFA,
 - when the construction of properties in the relevant projects is completed and we have received the certificates of completion, the total GFA information in respect of these projects refers to the total GFA in such certificates of completion;
 - if we have not obtained the certificates of completion but have the detailed construction drawings for the projects, the total GFA information in respect of these projects refers to the total GFA in such detailed construction drawings;
 - if we do not have the detailed construction drawings, but have obtained the construction works planning permits or construction land planning permits for the projects, the total GFA information in respect of these projects refers to the total GFA in such construction planning permits;
 - if we have not obtained any of the above documents for the projects, the total GFA information in respect of these projects refers to the total GFA estimated based on our current development plans.

Total GFA stated in the certificates of completion, detailed construction drawings, construction works planning permits or construction land planning permits includes underground GFA. Underground GFA refers to basement and other underground spaces, generally used for parking purposes. The total GFA information in this prospectus includes saleable GFA, leasable GFA and non-saleable/non-leasable GFA. Saleable GFA

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and leasable GFA generally refer to commercial and residential properties (including internal floor area and shared areas in the building that are exclusively allocated to such properties). Non-saleable/non-leasable GFA generally refers to certain communal facilities as required by the government.

- For saleable/leasable GFA,
 - if we have obtained the pre-sale permits for the projects, the saleable/leasable GFA information refers to the saleable GFA in the pre-sale permits;
 - if we have not yet obtained the pre-sale permits but have the detailed construction drawings for the projects, the estimated saleable/leasable GFA information in respect of these projects refers to the estimated saleable GFA in such detailed construction drawings;
 - if we have not obtained the detailed construction drawings but have obtained the construction works planning permits or construction land planning permits for the projects, the estimated saleable/leasable GFA information in respect of these projects is estimated based on our current development plans in accordance with such construction planning permits;
 - if we have not obtained any of the above documents for the projects, the estimated saleable/leasable GFA information in respect of these projects is estimated based on our current development plans.
- GFA sold information refers to the GFA in the relevant sale and purchase agreements on an aggregate basis. GFA sold information in this prospectus does not include GFA of parking spaces.
- GFA leased information refers to the GFA in lease agreements on an aggregate basis.

Unless the pre-sale of a project has started, we have provided an estimated pre-sale commencement date. Unless a project has already been completed, we have provided an estimated completion date. While these estimates are based on our management's best belief and knowledge, they are indicative only and subject to change.

North Hankou Project (漢口北國際商品交易中心)



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The North Hankou Project is our flagship project and a large-scale, wholesale consumer product-focused shopping mall project, which provides an integrated business platform for domestic suppliers, manufacturers and distributors of consumer products and SMEs to display and sell their products to retailers and end-consumers across a range of domestic consumer product sectors. It is located in the Panlongcheng Economic and Technology Development Zone (盤龍城經濟技術開發區) to the north of downtown Wuhan. In particular, our North Hankou Project is in close proximity to multiple transportation hubs linking Wuhan to air, rail and waterway networks, including Wuhan Tianhe International Airport (武漢天河國際機場), Wuhan North Railway Marshalling Station (武漢北編組站), the largest junction railway station in Asia in terms of the size of marshalling yard, with over 100 rail lines for freight marshalling, and Yangluo Deep Water Port (陽邏深水港), which has the largest container facilities in Central China, and is adjacent to the intersection of the Beijing-Zhuhai Highway (京珠高速公路), China's key north-south national route, and Shanghai-Chengdu Highway (滬蓉高速公路), China's key east-west national route. For details of the transportation network surrounding our North Hankou Project, see “—Transportation Network.”

Our North Hankou Project is characterized by its distinctive design. The design of our North Hankou Project was undertaken by Hangzhou Architectural Design Institute (杭州建築設計院), a well-known design institute in China who was responsible for designing the Yiwu International Trade City (義烏國際商貿城) in Zhejiang Province. Our North Hankou Project comprises multiple wholesale shopping malls, each serving a unified consumer product sector in a stand-alone low-rise building, and supporting facilities such as warehouses, office buildings, hotel and restaurant facilities in proximity to the wholesale shopping malls. We are able to support the operations of our clients with warehouse space and transportation facilities through our on-site complimentary services as well as logistics services outsourced to and provided by third parties at cost to our clients. For example, our clients are able to have their goods delivered directly from the warehouse to third-party logistics service providers, which shortens the delivery time of the goods from our clients to their customers. We have also installed electronic information screens and inquiry systems in each wholesale shopping mall to provide information on our clients to wholesale buyers and visitors, and carefully selected locations for freight lifts, elevators and tourist elevators with the aim of ensuring smooth traffic flow within our shopping malls and maximizing opportunities for our clients to reach potential customers. We typically have more than 20 lifts and elevators in a wholesale shopping mall within the North Hankou Project. In addition, we have a driveway on each floor of the wholesale shopping malls to allow direct delivery of goods by vehicles. We have also adopted a vertical parking system to provide underground, ground and rooftop parking options. Further, we have installed advanced fire protection systems in each wholesale shopping mall which meet the strict fire protection standards in China.

Furthermore, our North Hankou Project is designed with a high greenage ratio, ample light and view in each unit, and a sizeable landscaped public area with gardens, ponds and trees. Our North Hankou Project was recognized by the Hubei Province Tourism Bureau as an “AAA National Shopping Tourism Area” in April 2010. We received several national and regional awards and honors for our development of North Hankou Project, including the Guangsha Prize (廣廈獎), which is a highly prestigious prize in the China real estate industry awarded by MOHURD and China Real Estate Association annually to a selective number of landmark projects throughout China. In 2010, our North Hankou Project was one of the eight non-residential projects in China and the only non-residential project in Central China to receive the Guangsha Prize.

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Our North Hankou Project occupies a total site area of approximately 1,488,310 sq.m. When fully completed, our North Hankou Project is expected to comprise a total GFA of 3,264,732 sq.m., including 2,711,468 sq.m. of wholesale shopping malls and 553,264 sq.m. of supporting facilities. Specifically, when fully completed, this wholesale shopping mall project is expected to include:

- 12 wholesale shopping malls, with a total planned GFA of approximately 2,711,468 sq.m., including:
 - footwear and leather products mall, with a total planned GFA of approximately 242,816 sq.m., accounting for 7.4% of the total planned GFA of our North Hankou Project;
 - small household items mall, with a total planned GFA of approximately 90,292 sq.m., accounting for 2.8% of the total planned GFA of our North Hankou Project;
 - hotel products and supplies mall, with a total planned GFA of approximately 342,043 sq.m., accounting for 10.5% of the total planned GFA of our North Hankou Project;
 - cotton knitwear mall, with a total planned GFA of approximately 291,972 sq.m., accounting for 8.9% of the total planned GFA of our North Hankou Project;
 - apparel mall, with a total planned GFA of approximately 420,085 sq.m., accounting for 12.9% of the total planned GFA of our North Hankou Project;
 - home textiles mall, with a total planned GFA of approximately 40,385 sq.m., accounting for 1.2% of the total planned GFA of our North Hankou Project;
 - electronics and home appliances mall, with a total planned GFA of approximately 42,339 sq.m., accounting for 1.3% of the total planned GFA of our North Hankou Project;
 - gifts mall, with a total planned GFA of approximately 42,339 sq.m., accounting for 1.3% of the total planned GFA of our North Hankou Project;
 - textiles mall, with a total planned GFA of approximately 265,772 sq.m., accounting for 8.1% of the total planned GFA of our North Hankou Project;
 - luxury goods mall, with a total planned GFA of approximately 155,684 sq.m., accounting for 4.8% of the total planned GFA of our North Hankou Project;
 - Auto World, our automobiles, parts and accessories market, with a total planned GFA of approximately 530,532 sq.m., accounting for 16.3% of the total planned GFA of our North Hankou Project; and
 - general products mall, with a total planned GFA of approximately 247,209 sq.m., accounting for 7.6% of the total planned GFA of our North Hankou Project; and
- supporting facilities, with a total planned GFA of approximately 553,264 sq.m., accounting for 16.9% of the total planned GFA of our North Hankou Project.

Save for Auto World in which we hold a 50.0% attributable interest, we hold 100% attributable interests in all the properties comprising our North Hankou Project.

Overview of Development Stages of the North Hankou Project

Completed Properties

As of March 31, 2011, we had completed the development, and launched the operations, of five wholesale shopping malls and a supporting facility within the North Hankou Project:

- footwear and leather products mall (Phase I);
- small household items mall (Phase I);
- hotel products and supplies mall (Phase I);
- cotton knitwear mall (Phase I);
- apparel mall (Phase I); and
- affiliated residential property.

These completed wholesale shopping malls have a total GFA of 595,155 sq.m. in wholesale shopping mall space. Among these completed properties, we have designated 450,783 sq.m. as GFA for sale and 133,149 sq.m. as GFA for leasing. As of March 31, 2011, we had sold 216,389 sq.m., or 37.1% of saleable/leasable GFA, and leased 9,738 sq.m., or 1.7% of saleable/leasable GFA, of these shopping malls.

As of the Latest Practicable Date, we had incurred development costs (including land grant costs, construction costs and capitalized finance costs) of approximately Rmb 1,765.7 million to develop these completed properties.

Properties under Development

As of March 31, 2011, we had commenced development of four new wholesale shopping malls, an expansion phase of one existing mall and multiple supporting facilities:

- home textiles mall;
- electronics and home appliances mall;
- gifts mall;
- luxury goods mall (Phase I);
- small household items mall (Phase II);
- central warehouse (Phase I); and
- office building.

These properties are currently under development with a total planned GFA of 296,537 sq.m., consisting of a GFA of 206,955 sq.m. for wholesale shopping malls and a GFA of 89,582 sq.m. for supporting facilities. Among these wholesale shopping malls under development, we plan to designate approximately 189,156 sq.m. as GFA for sale and approximately 17,175 sq.m. as GFA for leasing. Among these wholesale shopping malls under development, we had pre-sold 79,952 sq.m., or 38.7% of saleable/leasable GFA of wholesale shopping malls, as of March 31, 2011.

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As of March 31, 2011, the total incurred development costs (including land grant costs, construction costs and capitalized finance costs) were approximately Rmb 165.6 million for these properties under development. We estimate that we will incur an additional amount of approximately Rmb 595.3 million for their completion.

Properties Planned for Future Development

The properties planned for future development in our North Hankou Project consist of three new wholesale shopping malls, expansion phases of existing malls and multiple supporting facilities such as logistics center, hotel and restaurant facilities. The properties planned for future development within our North Hankou Project consist of:

- footwear and leather products mall (Phase II);
- apparel mall (Phase II);
- textiles mall;
- luxury goods mall (Phase II);
- Auto World;
- logistics center;
- hotel;
- restaurants;
- hotel products and supplies mall (Phase II), cotten knitwear mall (Phase II) & textiles mall expansion;
- general products mall (Phase I);
- central warehouse (Phase I) expansion; and
- hotel products and supplies mall (Phase III) & cotten knitwear mall (Phase III).

For details of the planned construction commencement date and completion date of each property planned for future development, see “—Particulars of Properties Planned for Future Development” below.

Upon full completion, we expect these properties planned for future development to have an aggregate site area of 1,080,765 sq.m. and a total GFA of 2,311,312 sq.m. We expect to incur an aggregate amount of approximately of Rmb 6.4 billion to complete the development of these properties planned for future development.

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Particulars of Completed Properties within North Hankou Project

The following table sets forth key development information about our wholesale shopping malls in operation as of March 31, 2011.

<u>Mall</u>	<u>GFA</u>		<u>Commencement of construction</u>	<u>Completion of construction</u>	<u>Commencement of operations</u>	<u>Expiry of land-use rights</u>
	<i>(sq.m.)</i>	<i>(%)</i>				
Footwear and leather products (Phase I)	138,178	21.0%	April 2008	August 2009	December 2009	December 29, 2057/ July 30, 2059/ January 4, 2060
Small household items (Phase I) . . .	48,785	7.4%	April 2008	August 2009	December 2009	December 29, 2057/ July 30, 2059/ January 4, 2060
Hotel products and supplies (Phase I)	99,440	15.1%	October 2008	October 2009	December 2009	December 29, 2057/ July 30, 2059/ January 4, 2060
Cotton knitwear (Phase I)	49,369	7.5%	April 2009	August 2010	October 2010	December 29, 2057/ July 30, 2059/ January 4, 2060
Apparel mall (Phase I)	259,383	39.5%	April 2010	March 2011	July 2011	December 29, 2057/ July 30, 2059/ January 4, 2060
Affiliated residential property	61,728	9.5%	April 2009	March 2011	—	December 29, 2057/ July 30, 2059/ January 4, 2060
Total	656,883	100.0%	—	—	—	—

Property Descriptions

Footwear and Leather Products Mall (Phase I)



We commenced operation of Phase I of our footwear and leather products mall, a single four-storey building, in December 2009. As of March 31, 2011, our footwear and leather products mall comprised 1,857 units, representing a total saleable/leasable GFA of approximately 138,178 sq.m. We had designated 1,780 units, representing 113,013 sq.m., for sale and 77 units, representing 25,165 sq.m., for leasing. As of March 31, 2011, 1,410 units, or a total GFA of approximately 87,904 sq.m., were sold; 14 units, or a total GFA of approximately 2,148 sq.m., were leased by us; and 433 units, or a total GFA of approximately 48,126 sq.m., were unsold or unleased and remained vacant. As of March 31, 2011, the

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occupancy rate of Phase I of our footwear and leather products mall, measured by the sum of total GFA sold and leased to independent third parties divided by total saleable/leasable GFA, was approximately 71.0%.

Small Household Items Mall (Phase I)



We commenced operation of Phase I of our small household items mall, a single four-storey building, in December 2009. As of March 31, 2011, our small household items mall comprised 805 units, representing a total saleable/leasable GFA of approximately 48,785 sq.m. We had designated 750 units, representing 35,777 sq.m., for sale and 55 units, representing 13,008 sq.m., for leasing. As of March 31, 2011, 712 units, or a total GFA of approximately 33,735 sq.m., were sold; 33 units, or a total GFA of approximately 2,818 sq.m., were leased by us; and 60 units, or a total GFA of approximately 12,232 sq.m., were unsold or unleased and remained vacant. As of March 31, 2011, the occupancy rate of Phase I of our small household items mall, similarly measured, was approximately 80.0%.

Hotel Products and Supplies Mall (Phase I)



We commenced operation of our hotel products and supplies mall, a single four-storey building, in December 2009. As of March 31, 2011, our hotel products and supplies mall

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comprised 1,400 units, representing a total saleable/leasable GFA of approximately 96,962 sq.m. We had designated 1,242 units, representing 64,856 sq.m., for sale and 158 units, representing 32,106 sq.m., for leasing. As of March 31, 2011, 1,163 units, or a total GFA of approximately 60,798 sq.m., were sold; 47 units, or a total GFA of approximately 4,773 sq.m., were leased by us; and 190 units, or a total GFA of approximately 31,391 sq.m., were unsold or unleased and remained vacant. As of March 31, 2011, the occupancy rate of our hotel products and supplies mall, similarly measured, was approximately 85.0%.

Cotton Knitwear Mall (Phase I)



We commenced operation of our cotton knitwear mall, a single four-storey building, in October 2010. As of March 31, 2011, our cotton knitwear mall comprised 765 units, representing a total saleable/leasable GFA of approximately 40,624 sq.m. We had designated 745 units, representing 38,235 sq.m., for sale and 20 units, representing 2,389 sq.m., for leasing. As of March 31, 2011, 709 units, or a total GFA of approximately 33,952 sq.m., were sold and 56 units, or a total GFA of approximately 6,672 sq.m., were unsold or unleased and remained vacant.

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Apparel Mall (Phase I)



We had completed the development of Phase I of our apparel mall in March 2011 and expect to commence operation in July 2011. As of March 31, 2011, our apparel mall comprised 4,352 units, representing a total saleable/leasable GFA of approximately 259,383 sq.m. We had designated 4,171 units, representing 198,902 sq.m., for sale, and 181 units, representing 60,481 sq.m., for leasing. As of March 31, 2011, all units representing a total GFA of approximately 259,383 sq.m., were unsold or unleased and remained vacant.

The following table summarizes key sales information of our wholesale shopping malls in operation as of March 31, 2011:

Mall ⁽¹⁾	Units					GFA				
	Retained ⁽²⁾	Sold	Unsold	Total	Percentage of total	Retained ⁽²⁾	Sold	Unsold	Total	Percentage of total
	(sq.m., except for percentages)									
Footwear and leather products (Phase I)	77	1,410	370	1,857	38.5%	25,165	87,904	25,109	138,178	42.6%
Small household items (Phase I)	55	712	38	805	16.7%	13,008	33,735	2,042	48,785	15.0%
Hotel products and supplies (Phase I)	158	1,163	79	1,400	29.0%	32,106	60,798	4,058	96,962	29.9%
Cotton knitwear (Phase I)	20	709	36	765	15.8%	2,389	33,952	4,283	40,624	12.5%
Total	310	3,994	523	4,827	100.0%	62,929	216,389	35,492	324,549	100.0%

Notes:

(1) Excluding the apparel mall (Phase I) which will start operation in July 2011.

(2) Refers to units or GFA we retained as investment properties including those leased to tenants and those designated for leasing but having not been leased as of March 31, 2011.

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Occupancy Rates

The following table sets forth information on occupancy rates for our wholesale shopping malls in operation as of March 31, 2011:

Mall⁽¹⁾	As of March 31, 2011	
	Rental occupancy rate⁽²⁾	Total occupancy rate⁽³⁾
Footwear and leather products (Phase I)	8.5%	71.0%
Small household items (Phase I)	21.7%	80.0%
Hotel products and supplies (Phase I)	14.9%	85.0%
Cotton knitwear (Phase I)	— ⁽⁴⁾	78.0%
Weighted average ⁽⁵⁾	13.4%	77.5%

Notes:

- (1) Excluding the apparel mall (Phase I) which will start operation in July 2011.
- (2) Represents GFA rent out divided by the total leasable GFA of completed properties designated for investment purposes.
- (3) Represents the percentage of the total GFA (1) retained and leased by us and (2) sold by us to purchasers, excluding vacant units.
- (4) None of the units in cotton knitwear was being offered for leasing as of March 31, 2011.
- (5) Calculated on the basis of the aggregation of the four malls.

We normally retain or plan to retain street front shopping mall units and storage space in the upper floors for investment purposes. In order to optimize occupancy mix of our properties, we seek to lease such units to financial institutions or enterprises engaged in the telecommunication or catering business. The rental occupancy rates as of March 31, 2011 were low because we tend to be highly selective in identifying tenants for certain completed properties designated by us for investment purposes.

Property Sales

As of March 31, 2011, we had sold most of our completed units in the four wholesale shopping malls in operation to fund our working capital needs. As we continue to develop the North Hankou Project, we intend to retain an increasingly higher proportion of wholesale shopping mall units for leasing. Our goal is to maintain an optimal mix between wholesale shopping mall units for sale and those held for leasing. As of March 31, 2011, we had sold 3,994 units, representing a total GFA of approximately 216,389 sq.m., from which we recognized turnover of approximately Rmb 1,062 million. The average sales price of units in the four wholesale shopping malls in operation was Rmb 5,916 per sq.m. for the three months ended March 31, 2011.

As of Latest Practicable Date, we had obtained all licenses and approvals necessary to conduct property sales of our completed wholesale shopping mall units. Purchasers of our completed wholesale shopping mall units typically pay not less than 50% of the purchase price prior to closing, with the remainder paid within three months after closing.

Leased Properties

As of March 31, 2011, we had leased 245 units with building ownership or right to sub-lease already obtained, representing a total GFA of approximately 40,069 sq.m., from which

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we recognized turnover of approximately Rmb 1.8 million for the three month ended March 31, 2011. During the Track Record Period, in order to promote our properties, we offered rent-free periods for most of our tenants ranging from two to 24 months out of a lease term ranging from one to five years. The average quoted leasing price of units with building ownership obtained in the four wholesale shopping malls in operation and the actual leasing price of units (after taking into consideration the effects of rent-free periods) was Rmb 21 per sq.m. and Rmb 15 per sq.m. for the year ended March 31, 2011, respectively. Based on the existing lease agreements that we had entered into with tenants as of March 31, 2011, the rental income received and expected to be received by us in the three month ended March 31, 2011 amounted to approximately Rmb 0.8 million and Rmb 1 million respectively. We intend to continue offering rent-free periods to our clients, subject to factors such as market conditions and our results of operations.

Within a given wholesale shopping mall, we typically retain certain units on the ground floor with prominent locations for the purpose of capitalizing on the appreciation potential of such units, and certain units on the top floor which may be leased to existing clients in the same shopping mall for their storage or other business uses.

Lease terms for the completed units in our North Hankou Project generally range from one to five years, depending on factors such as demand for the specific property and the operating history and reputation of a particular tenant. As of March 31, 2011, more than 78.0% of the lease agreements in terms of the number of contracts had terms of over three years.

Lease Arrangements with Property Owners

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 operate 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 engaging in supplying and distributing hotel products. When selecting the units for the subsequent lease arrangements, we considered various key factors including but not limited to (a) hotel products are comparatively larger and normally require more space as opposed to other products in our North Hankou Project, (b) demand from potential tenants engaged in the supply and distribution of hotel products for multiple units in our North Hankou Project, and (c) ease of management if all relevant units are located on the same floor. The hotel products and supplies mall has in total four floors. The initial sale and subsequent lease agreements with the property owners were limited to the units on the third floor. Save for the third floor of the hotel products and supplies mall, no other malls in our North Hankou Project had a similar arrangement as of the Latest Practicable Date. Our Directors have confirmed that the Company currently has no plan to adopt a similar arrangement for other malls in our North Hankou Project. Our Directors believe that our ability to sell properties in other malls in our North Hankou Project does not depend on such arrangements. With respect to our footwear and leather products mall, small household items mall and cotton knitwear mall, the other three malls in operation as of March 31, 2011, we had sold 79.2%, 94.4% and 95.2% in terms of numbers of the units designated for sale, respectively, as of March 31, 2011. As of March 31, 2011, approximately 88.7% and 98.1% of the first and second floors, respectively, of the hotel products and supplies mall in terms of salable GFAs had been sold without adopting such arrangements and the fourth floor is being held as investment properties. Based

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on the above, our Directors believe that the third floor of the hotel products and supplies mall and other malls could be sold without adopting such arrangements.

As of March 31, 2011, we had offered to lease 477 units sold and the owner of only one unit did not accept our offer. As of March 31, 2011, we had leased 476 units in the North Hankou Project with an aggregate GFA of 24,232 sq.m. for a term of five years at fixed rental rates, which were above the rates at which we subsequently sub-leased such units, being the then prevailing market rates. Our Directors have confirmed that (a) there is no particular circumstance in which we did not or would not sub-lease the leased units to tenants so long as they are relatively large-scale merchants who, we believe, would help us increase traffic in the North Hankou Project relatively quickly, and (b) the leased units are currently being occupied and used by the tenants. As of the Latest Practicable Date, all the units we leased were sub-leased to eight tenants for a term of five years and these units were sub-leased by us at the then prevailing market rates. The relevant units are used by these eight tenants to market their hotel products. Our Directors have confirmed that, to the best of their knowledge, all such purchasers or sub-lease tenants are Independent Third Parties and none of them has any present or past relationship with any of our Group, shareholders, directors, senior management or their respective associates other than the lease arrangements with property owners or sub-lease arrangements.

Our Directors have confirmed that the sale and purchase agreements and the subsequent lease agreements with the purchasers were negotiated and entered into separately and independently with the purchasers. Our Directors have also confirmed that (a) the Group did not make any pledge to act as a lessee, and (b) the purchasers of the sold units had full discretion to decide if they wish to subsequently lease the sold units to the Group, while the Group also had full discretion to decide subsequently if it wishes to lease the sold units from the purchasers. Our Directors have further confirmed that all of the relevant units were sold after the issue of pre-sale permit (but in some cases before the issue of the relevant completion certificate), and during the sale of the relevant units, the Group had also explained to the potential purchasers that for better management of the mall space and as a strategy to maintain a high occupancy rate, the Group might consider leasing the units from the purchasers for centralised management and sub-leasing to occupants requiring multiple units, and that the Group might lease the sold units from the purchasers at favorable rates as compared to the prevailing market rate.

The initial sales and subsequent lease arrangement were handled by different department teams. Our sales and marketing team is in charge of the sales of the properties and was responsible for the execution of the sale contracts. On the other hand, our mall operation team is in charge of the management of the mall space. After assessing the background of our purchasers (whether as an investor or an end-user of the unit), in the case of the former, after the mall operation team had assessed likely demand for the units from other end-users, the mall operation team may accordingly initiate the subsequent lease arrangement. Our mall operation team is responsible for the execution of the lease contracts. The rationale for leasing from the property owners at favorable rates as compared to market was to have the units leased quickly, as time was of the essence, to ensure a quick ramp-up of the traffic of our wholesale shopping malls, in order to promote and maintain the reputation of our wholesale shopping malls as an effective market place. Although our sales and marketing team and mall operation team communicate regularly on market conditions, they are headed by different management staff, managed independently and compensated based on their own performance. In particular, the sale and purchase agreements did not contain any

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provision in respect of or guarantee any lease arrangements, or vice versa, and in the event that the Group did not enter into subsequent lease agreements with the purchasers, the purchasers had no rights to revoke the sale and purchase agreements or require any refund under the sale and purchase agreements. In terms of numbers of unit, approximately 60% of these relevant units, the sale and purchase agreement and the subsequent lease agreement were entered into on the same date. In the remaining approximately 40% of the relevant units, 32% had subsequent lease agreements signed on dates after but within three months from signing of the initial sale agreements while the remaining 8% had a period of time between the signing of the sale and purchase agreement and the subsequent lease agreement of between three months and one year. However, our Directors believe that the close proximity of the timing is primarily due to efficient management of our resources. Our Directors have confirmed that, since each purchaser attended onsite for the purpose of completing the relevant purchase, the mall operation team would also seek to meet with these purchasers to negotiate for a leasing agreement at the same time. Our Directors have further confirmed that (a) the sale and purchase agreement and the subsequent lease agreement for these units were not conditional on each other, and (b) the selling prices of the units under the lease arrangements with property owners did not take into account the rental income to be received by the purchasers from us under the subsequent leases and our property valuer, Savills, has also advised that the selling prices of the units under the lease arrangements with property owners were consistent with the selling prices of other comparable properties.

Our PRC legal advisers, King & Wood, have advised that 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 (currently named as the Urban and Rural Construction of the People’s Republic of China) on April 4, 2001 which became effective on June 1, 2001, a property developer shall not sell uncompleted commercial properties through after-sale lease guarantee or by any such means in covert forms (the “Provision”) or sell the commercial properties by means of cost-returned sale or any such means in covert forms. The “after-sale lease back guarantees” (售後包租) in the Regulatory Measures refers to an arrangement involving the sale of the commercial properties by a property developer promoted by its commitment to lease or assist in leasing the sold properties from the purchasers within a certain period after the sales of the relevant sold properties. The “cost-returned sales” (返本銷售) under the Regulatory Measures refers to an arrangement involving the sale of the commercial properties by a property developer followed by periodical refunds of a portion of the sales proceeds by the property developer to the purchasers of the sold properties. King & Wood has further advised that our lease agreements with the property owners are different from “after-sale lease back guarantees” (售後包租) or “cost-returned sales” (返本銷售) because (a) the sale and purchase agreements did not contain any provision in respect of or guarantee any lease back arrangements, or vice versa, and (b) the sales and purchase agreements and the subsequent lease agreements were negotiated and entered into separately and independently with the purchasers, and the purchasers of the sold units had full discretion to decide if they wish to subsequently lease the sold units to the Group, while the Group also had full discretion to decide if it wishes to subsequently lease the sold units from the purchaser.

Furthermore, we obtained a written confirmation from the Urban and Rural Construction Bureau of Huangpi District, Wuhan (武漢市黃陂區城鄉建設局), the competent authority according to our PRC legal advisers, King & Wood, on March 28, 2011, confirming that (a) after reviewing the relevant contracts, they do not consider that we had sold any uncompleted commercial properties by means of “after-sale lease back guarantees” (售後包租) or “after-sale lease guarantee in covert forms” (變相售後包租), (b) we did not violate any PRC laws and

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regulations with respect to the sales of commercial properties and (c) we have not been sanctioned with any penalties in connection with our sales of commercial properties. Based on (i) such written confirmation, and (ii) the fact that the sale and purchase agreements and the subsequent lease agreements were negotiated and entered into separately and independently with the purchasers, and the purchasers of the sold units had full discretion to decide if they wish to subsequently lease the sold units to the Group, while the Group also had full discretion to decide if it wishes to subsequently lease the sold units from the purchasers, our PRC legal advisers, King & Wood, have advised that (a) the underlying agreements of our initial sales and subsequent lease arrangements are valid, legally binding and enforceable under PRC laws, (b) our initial sales and subsequent lease arrangements are legal under the PRC laws and regulations and such arrangements are not “after-sale lease back guarantees” (售後包租), “after-sale lease guarantee in covert forms” (變相售後包租), “cost-returned sales” (返本銷售) or “cost-returned sales in covert form” (變相返本銷售) under the Regulatory Measures, and (c) the risk that the sale and purchase agreements and the subsequent lease agreements will be deemed to be entered into as a single arrangement in substance by the relevant authorities is remote.

Particulars of Properties Under Development within North Hankou Project

The following table sets forth key development information on our properties under development within the North Hankou Project as of March 31, 2011:

Property	Estimated GFA (sq.m.) (%)		Commencement of construction	Estimated completion of construction	Actual/ estimated commencement of pre-sale/pre- lease	Estimated commencement of operations	Expiry of land-use rights
<u>Malls</u>							
Luxury goods (Phase I)	40,385	13.6%	March 2010	October 2011	July 2011	February 2012	December 29, 2057/ July 30, 2059/ January 4, 2060
Home textiles	40,385	13.6%	December 2010	September 2011	December 2010	February 2012	July 30, 2059/ January 4, 2060 December 29, 2057/ July 30, 2059/ January 4, 2060
Gifts	42,339	14.3%	December 2010	September 2011	December 2010	February 2012	January 4, 2060 December 29, 2057/ July 30, 2059/ January 4, 2060
Small household items (Phase II)	41,507	14.0%	December 2010	September 2011	December 2010	February 2012	December 29, 2057/ July 30, 2059/ January 4, 2060
Electronics and home appliances	42,339	14.3%	August 2010	October 2011	July 2011	February 2012	December 29, 2057/ July 30, 2059/ January 4, 2060
<u>Supporting facilities</u>							
Office building	34,340	11.6%	August 2010	April 2012	July 2011	December 2012	December 29, 2057/ July 30, 2059/ January 4, 2060
Central warehouse (Phase I)	55,242	18.6%	March 2009	February 2012	retained	April 2012	July 30, 2059/ January 4, 2060
Total	<u>296,537</u>	<u>100.0%</u>					

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Property Descriptions

Home textiles mall. We commenced the development of our home textiles mall in December 2010 and expect completion in September 2011. Upon full completion, we expect our home textiles mall to comprise 724 units, representing a total GFA of approximately 40,385 sq.m. We commenced pre-sale in December 2010.

Electronics and home appliances mall. We commenced the development of our electronics and home appliances mall in August 2010 and expect completion in October 2011. Upon full completion, we expect our electronics and home appliances mall to comprise 800 units, representing a total GFA of approximately 42,339 sq.m. We plan to commence pre-sale in July 2011.

Gifts mall. We commenced the development of our gifts mall in December 2010 and expect completion in September 2011. Upon full completion, we expect our gifts mall to comprise 800 units, representing a total GFA of approximately 42,339 sq.m. We commenced pre-sale in December 2010.

Luxury goods mall (Phase I). We commenced the development of our luxury goods mall (Phase I) in March 2010 and expect completion in October 2011. Upon full completion, we expect our luxury goods mall (Phase I) to comprise 724 units, representing a total GFA of approximately 40,385 sq.m. We expect to commence pre-sale in July 2011.

Small household items mall (Phase II). We commenced the development of Phase II of our small household items mall in December 2010 and expect completion in September 2011. Upon full completion, we expect the Phase II of our small household items mall to comprise 838 units, representing a total GFA of approximately 41,507 sq.m. We commenced pre-sale in December 2010.

The following table summarizes sale- and pre-sale-related information in respect of the wholesale shopping malls under development as of March 31, 2011:

Mall	Units				GFA			
	Planned to retain	Planned for sale	Pre-sold	Percentage of Pre-sold ⁽¹⁾	Planned to retain	Planned for sale	Pre-sold	Percentage of Pre-sold ⁽¹⁾
Home textiles	61	663	518	78.1%	5,172	35,028	25,485	72.8%
Electronics and home appliances	—	800	—	0.0%	—	42,212	—	0.0%
Gifts	75	725	538	74.2%	6,679	35,533	24,602	69.2%
Luxury goods (Phase I)	—	724	—	0.0%	—	40,200	—	0.0%
Small household items (Phase II)	68	770	675	87.7%	5,324	36,183	29,865	82.5%
Total	204	3,682	1,731	47.0%	17,175	189,156	79,952	42.3%

Note:

(1) Represents pre-sold properties as a percentage of properties planned for sale.

We started the construction of certain malls and central warehouse (Phase I) in our North Hankou Project with a total site area of 88,335 sq.m. before obtaining the construction permits from the relevant authorities. For details, see “— Historical Non-compliance with PRC Laws” below. We had all the required government approvals and permits to conduct the pre-sale and pre-lease activities we have undertaken as referred to above.

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For details of the description of the supporting facilities under development, see “— Supporting Facilities” below for details.

As of March 31, 2011, the total incurred development costs (including land grant costs, construction costs and capitalized finance costs) were approximately Rmb 2.1 billion to develop our properties within our North Hankou Project, including the wholesale shopping malls and supporting facilities in operation and those under development or held for future development. We estimate that an additional Rmb 6.8 billion will be incurred for the completion of our wholesale shopping malls and supporting facilities at the North Hankou Project. We plan to finance the development costs from a combination of the proceeds of the Global Offering, internal funds and bank borrowings. See “Future Plans and Use of Proceeds.”

Particulars of Properties Planned for Future Development within North Hankou Project

The following table sets forth key development information on our properties planned for future development within the North Hankou Project as of March 31, 2011:

<u>Property</u>	<u>Planned GFA</u>		<u>Planned construction commencement date</u>	<u>Planned construction completion date</u>
	(sq.m.)	(%)		
<u>Malls</u>				
Footwear and leather products (Phase II)	104,638	4.5	June 2011	October 2012
Apparel (Phase II)	160,702	7.0	June 2011	October 2012
Textiles	112,337	4.9	June 2011	October 2012
Luxury goods (Phase II)	115,299	4.9	October 2011	May 2013
Auto World	530,532	23.0	August 2011	June 2013
Hotel products and supplies mall (Phase II) Cotton knitwear mall (Phase II) & Textiles mall (Phase II)	383,587	16.6	October 2011	May 2013
General products mall (Phase I)	247,209	10.7	June 2012	October 2013
Hotel products and supplies mall (Phase III) & Cotton knitwear mall (Phase III)	255,054	11.0	June 2012	June 2013
<u>Supporting Facilities</u>				
Logistics center	301,931	13.1	August 2011	December 2012
Hotel	33,319	1.4	June 2011	October 2013
Restaurants	3,898	0.2	June 2011	October 2012
Central warehouse (Phase I) expansion	62,806	2.7	July 2012	September 2013
Total	2,311,312	100.0	—	—

Property Descriptions

Footwear and leather products mall (Phase II). Our Phase II of the footwear and leather products mall has a planned site area of 44,956 sq.m. with a total planned GFA of 104,638 sq.m. upon completion. We commenced construction of this mall in June 2011 and plan to complete it in October 2012. As of March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) were approximately Rmb 12.3 million. We estimate that an additional Rmb 283.7 million will be incurred for the completion of Phase II of our footwear and leather products mall.

Apparel mall (Phase II). Our Phase II of the apparel mall has a planned site area of 79,799 sq.m. with a total planned GFA of 160,702 sq.m. upon completion. We commenced construction of this mall in June 2011 and plan to complete it in October 2012. As of

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March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) was approximately Rmb 21.6 million. We estimate that an additional Rmb 433.7 million will be incurred for the completion of Phase II of our apparel mall.

Textiles mall. Our textiles mall has a planned site area of 56,512 sq.m. with a total planned GFA of 112,337 sq.m. upon completion. We commenced construction of this mall in June 2011 and plan to complete it in October 2012. As of March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) were approximately Rmb 15.1 million. We estimate that an additional Rmb 342.7 million will be incurred for the completion of our textiles mall.

Luxury goods (Phase II). Our Phase II of the luxury goods mall has a planned site area of 41,728 sq.m. with a total planned GFA of 115,299 sq.m. upon completion. We plan to commence construction of Phase II of this mall in October 2011 and complete it in May 2013. As of the March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) was approximately Rmb 11.0 million. We estimate that an additional Rmb 347.3 million will be incurred for the completion of Phase II of our luxury goods mall.

Auto World. Auto World is a mall we intend to develop primarily for the trading of automobiles and automobile parts and accessories. We hold a 50% attributable interest in this project. Auto World has a planned site area of 332,632 sq.m. with a total planned GFA of 530,532 sq.m. upon completion. We plan to commence construction of this mall in August 2011 and complete it in June 2013. As of March 31, 2011, the total incurred development costs primarily including (and grant costs) was approximately Rmb 118.8 million. We estimate that an additional Rmb 1.2 billion will be incurred for the completion of Auto World.

Hotel products and supplies mall (Phase II), Cotton knitwear mall (phase II) & Textiles mall (phase II). Our Phase II of the hotel products and supplies mall, cotton knitwear mall and textiles mall have a total planned site area of 153,435 sq.m. with a total planned GFA of 383,587 sq.m. upon completion. We plan to commence construction of these malls in October 2011 and complete them in May 2013. As of March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) was approximately Rmb 48.2 million. We estimate that an additional Rmb 1.1 billion will be incurred for the completion of Phase II of these malls.

General products mall (Phase I). Our general products mall has a planned site area of 98,884 sq.m. with a total planned GFA of 247,209 sq.m. upon completion. We plan to commence construction of this mall in June 2012 and complete it in October 2013. As of March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) was approximately Rmb 29.7 million. We estimate that an additional Rmb 690.9 million will be incurred for the completion of our textiles mall.

Hotel products and supplies mall (Phase III) & Cotton knitwear mall (Phase III). Our Phase III of the hotel products and supplies mall and cotton knitwear mall have a total planned site area of 102,021 sq.m. with a total planned GFA of 255,054 sq.m. upon completion. We plan to commence construction of these malls in June 2012 and complete them in June 2013. As of March 31, 2011, the total incurred development costs (primarily including land grant costs and capitalized finance costs) was approximately Rmb 32.8 million. We estimate that an additional Rmb 759.9 million will be incurred for the completion of Phase III of these malls.

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For details of the description of the logistics center, hotel and restaurants, see “— Supporting Facilities and Services” below.

Supporting Facilities and Services

The following table sets forth key development information on the supporting facilities of our North Hankou Project as of March 31, 2011.

	<u>Estimated site area</u>	<u>Estimated GFA</u>	<u>Actual/ Estimated commencement of construction</u>	<u>Actual/ Estimated completion of construction</u>	<u>Actual/ Estimated commencement of operations</u>
	<i>(in sq.m.)</i>				
Completed properties					
Affiliated residential property	23,937	61,728	April 2009	March, 2011	June 2011
Properties under development					
Central warehouse (Phase I)	35,097	55,242	March 2009	February 2012	April 2012
Office building	3,537	34,340	August 2010	April 2012	December 2012
Properties planned for future development					
Hotel	3,886	33,319	June 2011	October 2013	March 2014
Restaurants	4,269	3,898	June 2011	October 2012	December 2012
Logistics center	120,772	301,931	August 2011	December 2012	February 2013
Central warehouse (Phase I) expansion	41,871	62,806	July 2012	September 2013	December 2013
Total	<u>233,369</u>	<u>553,264</u>			

We estimate that we will incur approximately Rmb 1,266.2 million in development costs (including land grant costs, construction costs and capitalized finance costs) to complete the above supporting facilities. As of March 31, 2011, we had incurred development cost (including land grant costs, construction costs and capitalized finance costs) of approximately Rmb 236.4 million for those supporting facilities. We plan to finance the rest of the development costs from a combination of the proceeds of the Global Offering, internal funds and bank borrowings. See “Future Plans and Use of Proceeds” for further details.

Warehouse Leasing

We currently provide certain units in the North Hankou Project to our tenants as their warehouses. During the three months ended March 31, 2011, we provided 18 units to our tenants for warehousing purpose, representing an aggregate GFA of 7,667 sq.m., from which we recognized a turnover of Rmb 0.3 million. We intend to expand our warehouse space by developing a central warehouse. We commenced construction of the central warehouse (Phase I) in March 2009 and plan to complete it by February 2012. Upon completion, we expect to have an aggregate warehouse space of 55,242 sq.m. in GFA.

Office Space Services

We commenced our development of a 25-storey office tower in our North Hankou Project in August 2010 to meet the office space needs of our clients. We plan to lease the office units in this office tower to provide tenants with convenient access to our wholesale shopping malls. We plan to complete development in April 2012. Upon full completion, we expect the office

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tower to have an estimated total site area of 3,537 sq.m. and an estimated total GFA of 34,340 sq.m.

Residential Facilities

We commenced our development of a 28-storey residential tower in our North Hankou Project in April 2009 to offer residential units to our clients, frequent visitors and other potential customers who wish to purchase residential properties in the community of our North Hankou Project. We completed development in March 2011. The building has a total site area of 23,937 sq.m. and a total GFA of 61,728 sq.m. We commenced pre-sale of the residential facilities in September 2010. As of March 31, 2011, we had pre-sold 57,849 sq.m., or 93.7% of the total planned GFA.

Hotel Services

We plan to develop a four-star hotel within our North Hankou Project offering accommodation, food and beverage and general recreational services. We commenced development in June 2011 and plan to complete development in October 2013. Upon completion, we expect the hotel to have an aggregate GFA of 33,319 sq.m. We plan to engage an internationally renowned hotel operator to operate this hotel.

Restaurant Services

We plan to develop a restaurant in our North Hankou Project. We commenced development in June 2011 and plan to complete development in October 2012. The restaurant is expected to have a total GFA of 3,898 sq.m. upon completion. We plan to lease the restaurant to a third-party catering enterprise operating chain stores.

Government Services

Our North Hankou Project has facilities for use by local governmental agencies offering immediate access to administrative and compliance services, including SAIC registration, customs, tax, public security and human resources services, primarily to our wholesale shopping mall tenants and their customers.

Other Services

We also leased or sold a variety of facilities in our North Hankou Project to professional service providers offering value-added services to tenants of our wholesale shopping malls and their customers. These professional service providers include banks, such as the Agricultural Bank of China (中國農業銀行), China Construction Bank (中國建設銀行), Bank of Communications (中國交通銀行) and China Merchants Bank (招商銀行), and telecommunication companies, such as China Telecom Communication (中國電信集團公司), China Mobile Communication (中國移動通信有限責任公司) and 35 third-party logistics service providers. We also assist our clients in delivering their goods directly from the warehouses to third-party logistics service providers without charging a fee for such service. We plan to commence the development of a logistics center having an aggregate GFA of 301,931 sq.m. in August 2011 and complete such development in December 2012 to facilitate logistics services provided by third-party service providers to our clients in the North Hankou Project. In addition, we offer customized services to satisfy the specific business needs of our clients such as recruiting services and assistance to our clients for the lease or sub-lease of their units through advertisements.

Proactive Client Services

We believe that providing clients with the most comprehensive and proactive services is the key to remaining competitive in the wholesale shopping mall development sector. We have offered a wide range of proactive client services to the clients of our North Hankou Project with the aim of adding value to the business of our clients and improving their business performance.

We have established a client service department for our North Hankou Project in October 2008 which is primarily responsible for client services to both existing and prospective clients. Our clients may physically meet our service managers who are located on-site or by calling a toll-free customer hotline for business and operations-related inquiries. We have also set up various centers relating to property management, general management, financial services and an ownership certificate department with the aim of providing one-stop services that meet or exceed the expectations of our clients.

In order to add value to the businesses of our clients and improve their business performance, we have organized and will continue to organize various events to provide business opportunities to our clients:

- We organized a group of 100 clients to visit the wholesale markets in Hangzhou and Yiwu in Zhejiang Province in March 2009 and another group of 100 clients to visit the wholesale markets in Guangzhou, Shenzhen and Dongguan in Guangdong Province in April 2009, allowing them to conduct market research and study the business models of wholesale distributors of consumer products in other markets in China.
- We held a “2009 Wholesale Market Brand Expo” (2009 批發市場品牌博覽會) in May 2009. We leveraged our business network and invited more than 200 renowned companies in Guangdong Province, Fujian Province and Zhejiang Province to participate in this Expo, which provided a platform for more than 4,000 clients of our North Hankou Project to meet face-to-face with their potential suppliers and seek business opportunities. As a result, more than 500 clients successfully became the wholesale distributors of those companies that participated in this Expo.
- In January 2010 and February 2010, we held a promotional “North Hankou Carnival” (漢口北嘉年華) and “New Year Shopping Carnival” (新年購物狂歡節), respectively, to promote and enhance our brand name, and also provide revenue generating opportunities for our clients. We also launch other seasonal and holiday promotion events from time to time.
- In January 2010, we launched a “One-Hundred Cities Campaign” (全國百城推廣) for our clients. In this campaign, our participating clients met face-to-face with a number of manufacturers and retailers of consumer products in select cities in China. We assist our clients to form business relationships with their potential suppliers and customers through this campaign.
- In April 2010, the first Wuhan Tourism Shopping Festival (武漢旅遊購物節) hosted by the local government in Huangpi District of Wuhan was held in our North Hankou Project. During the event, our North Hankou Project was recognized by the Hubei Province Tourism Bureau as an “AAA National Shopping Tourism Area”.

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- In October 2010, we held the first China North Hankou Trade Fair (中國漢口北商品交易會). For details, see “— China North Hankou Trade Fair”.
- Our client service department maintains regular contacts with our clients to discuss, among other things, their development plan and operational issues, thereby gaining valuable market information and real-time feedback to continuously improve our services.
- We host regular on-site seminars with well-known scholars in the wholesale markets research field to present lectures to our clients.

We believe that we have an in-depth understanding of the business needs and preferences of our clients. Our proactive services have contributed significantly to our brand name and strengthened the customer loyalty for our North Hankou Project. We intend to continue to launch market events, campaigns and other social activities and provide comprehensive and proactive services to address the business needs of our clients.

China North Hankou Trade Fair (中國漢口北商品交易會)

With the support of the government of Hubei Province and MOFCOM, we, together with the Wuhan Government, inaugurated the first China North Hankou Trade Fair on the premises of our North Hankou Project from October 28, 2010 to November 4, 2010. China North Hankou Trade Fair is a national trade fair focused exclusively on the domestic consumer product trade. Pursuant to the Notice Relating to the Promotion of Consumption by Exhibitions and Trade Fairs (商務部辦公廳關於做好 2010 年內貿領域會展促消費工作的通知) issued by MOFCOM on February 10, 2010, our China North Hankou Trade Fair was one of the trade fairs expressly supported by the MOFCOM in the domestic consumer product market.

During the first China North Hankou Trade Fair, we launched multiple events, including trade fairs and exhibitions relating to small household items, hotel products and supplies, leather and shoes, children’s products and tourism products. Based on our internal records and estimates, there were approximately 1,775 exhibition stands, which were operated by more than 1,000 enterprises in China. In addition, our China North Hankou Trade Fair attracted approximately 400,000 participants and visitors during the event and facilitated approximately Rmb 1.4 billion in aggregate sales and over Rmb 5 billion in aggregate contracted sales for the participants.

Transportation Network

Our North Hankou Project is located in the center of Central China’s extensive transportation networks.

Railway

Wuhan is a main hub for China’s four major railway networks and a center for railway-based container transportation. Our North Hankou Project is located within five kilometers of the Wuhan North Railway Marshalling Station, the largest junction railway station in Asia in terms of the size of its marshalling yard, with over 100 rail lines for freight marshalling. Wuhan is a key hub for the North-South high speed railway (Wuhan-Guangzhou). Following the launch of the Wuhan-Guangzhou high speed railway link in December 2009, travel time for the

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968 km journey has been reduced from approximately 10.5 hours to three hours. The Wuhan-Guangzhou high speed railway is the world's fastest non-stop train service and will extend north to Beijing.

Air

Our North Hankou Project is located within six kilometers of Wuhan's Tianhe International Airport (武漢天河國際機場), whose second terminal was completed in 2008. It has been selected as China's fourth international hub airport after Beijing Capital, Shanghai Pudong and Guangzhou Baiyun airports, and is well-served by major domestic and international airlines with easy connections to all major cities in China and key international destinations.

Waterway

Our North Hankou Project is located within 15 kilometers of the Yangluo Deep Water Port (陽邏深水港), which has the largest container facilities in Central China.

Highways

Our North Hankou Project is located within 15 kilometers of the intersection of the Beijing-Zhuhai (京珠) and Shanghai-Chengdu (滬蓉) Highways, two major national routes in China. It is also situated in an extensive network of numerous local highways, including the Hanying (漢英), Hanma (漢麻), Han'e (漢鄂), Hanshi (漢十), Qingzheng (青鄭), Hanhong (漢洪), and Hancai (漢蔡) Highways.

Local transport

We have worked with provincial, city and district governments to create a comprehensive local cargo and passenger transportation network surrounding our North Hankou Project. The Wuhan Public Transport Group (武漢公交集團), Wuhan's public transport provider, has established more than 10 routes which link our North Hankou Project to downtown Wuhan. The Huangpi District government has partnered with the Hubei Passenger Transport Group (省客集團) to develop a bus terminal, the North Hankou Passenger Terminal, located adjacent to the North Hankou Project. The bus terminal is expected to become fully operative in 2012, with 35 long-distance passenger bus routes to 17 Chinese provinces and municipalities. The Wuhan light-rail line 1 began to set up a stop on our North Hankou Project in April 2011, and the Wuhan subway line 3 already has a stop at Sanjintan (三金潭), which is about a 20 minutes' walk from our North Hankou Project. In addition, Wuhan Boulevard (武漢大道), which is currently under construction, is expected to provide easy highway access between our North Hankou Project and downtown Wuhan upon its completion in 2011.

No.1 Enterprise Community (第一企業社區)



Our No.1 Enterprise Community is a distinctive business park featuring both low-density, low-rise, single-tenant office buildings and high-rise office towers. The project is located in the Panlongcheng Economic and Technology Development Zone (盤龍城經濟技術開發區), and is within three kilometers of our North Hankou Project, our flagship project. Its location and property offering complement our North Hankou Project by affording occupants of our North Hankou Project available office spaces in close proximity.

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Our No.1 Enterprise Community differentiates itself from traditional office properties by having 353 single, low-rise, contemporary office buildings, primarily targeting customers with headquarter needs, with 76 retail shopping units. Most of these single office buildings have four storeys. In most cases, we sold an entire low-rise office building unit to a single purchaser. Additionally, we also have three high-rise office towers, targeting domestic SMEs with needs for office suites, and a supporting center satisfying various business needs of our clients. Upon full completion, we expect the total site area of No.1 Enterprise Community to be 610,719 sq.m. and the total GFA to be approximately 893,439 sq.m. The following table sets forth key development information relating to our No.1 Enterprise Community as of March 31, 2011:

Property	Status	GFA		Actual/estimated commencement of construction	Actual/estimated completion of construction	Actual/estimated commencement of operations	Expiry of land-use rights
		(sq.m.)	(%)				
Low-rise office building							
Phases I & II	Completed	154,386	17.3	September 2005	October 2008 ⁽¹⁾	July 2006 ⁽²⁾	May 2055
Phase III	Under development	243,191	27.2	December 2009	December 2011	December 2011	May 2055
Phase IV	Planned for future development	356,782	39.9	October 2011	March 2013	May 2013	December 2059
High-rise office building							
No.1 high-rise office tower	Completed	20,076	2.2	August 2008	March 2011	June 2011	May 2055
No.2 and No.3 high-rise office towers	Planned for future development	91,704	10.3	August 2011	December 2012	December 2012	May 2055
Supporting facilities							
Service center	Planned for future development	27,300	3.1	August 2011	March 2013	March 2013	May 2055
Total		<u>893,439</u>	<u>100.0</u>				

Notes:

(1) This refers to the month in which the construction of the last office building in Phase II was completed.

(2) This refers to the month in which we started to deliver the completed office buildings in Phase I to our customers.

Completed Properties

As of March 31, 2011, we had completed Phase I, Phase II and No.1 high-rise office tower of our No.1 Enterprise Community, which included 58 single low-rise office buildings and one single high-rise office building, with a total GFA of 162,252 sq.m. and 73 retail shopping units with a total GFA of 12,210 sq.m.. As of March 31, 2011, we had sold 64 buildings and units, or 120,306 sq.m. in GFA, leased nine units, or 1,559 sq.m., in GFA and retained 5,585 sq.m. for our own use. The remaining 47,012 sq.m. in GFA remained available for sale and leasing.

We use a five-storey building as the canteen in our No.1 Enterprise Community with a total GFA of 2,193 sq.m.. We are currently in the process of applying for the building

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ownership certificate of this building. Our PRC legal advisers, King & Wood, have advised that, subject to the satisfactory completion of the usual formalities with the relevant government authorities, there is no legal impediment to our obtaining the building ownership certificate for this building.

Properties under Development and Planned for Future Development

As of March 31, 2011, we were developing Phase III of our No.1 Enterprise Community. We commenced the construction of Phase III in December 2009 and expect completion in December 2011. We plan to commence the development of Phase IV, No.2 and No.3 high-rise office towers and a service center in December 2011, August 2011 and August 2011, respectively.

As of March 31, 2011, we had incurred development costs (including land grant costs, construction costs and capitalized finance costs) of approximately Rmb 590.3 million to develop our No.1 Enterprise Community. We estimate that we will incur an additional Rmb 1,168.9 million for the development of the remaining properties in our No.1 Enterprise Community. We plan to finance the rest of the development costs from a combination of the proceeds of the Global Offering, internal funds and bank borrowings. See the section headed “Future Plans and Use of Proceeds” of this prospectus for further details.

We obtained the agreement letter of land use right (土地成交確認書) of a parcel of land with a total site area of 157,027 sq.m., which is planned for the future development of Phase IV expansion of our No.1 Enterprise Community, through a public tender and auction in June 2011. We are applying for the land use certificate for this parcel of land and expect to obtain the relevant land use certificate in July 2011.

Property Sale

We have retained a portion of the office space in our No.1 Enterprise Community for our own use as corporate headquarters and designated most of the remaining office space for sale. The following table sets forth sales and other information of our No.1 Enterprise Community as of March 31, 2011.

	GFA				Sales rate ⁽³⁾ (%)
	Sold	Retained ⁽¹⁾	Salable GFA remaining unsold <i>(in sq.m.)</i>	Total	
Low-rise office buildings (Phases I & II)	120,306	12,233 ⁽²⁾	21,847	154,386	77.9%
No. 1 High-rise office tower	—	9,920	10,156	20,076	—
Total	120,306	22,153	32,003	174,462	69.0%

Notes:

- (1) Represents GFA retained by us for leasing.
- (2) Includes GFA of 5,585 sq.m. for use as our corporate headquarters.
- (3) The sales rate is measured as the sold GFA divided by the total GFA.

As of March 31, 2011, we had obtained all licenses and approvals necessary to conduct property sales of our office properties at No.1 Enterprise Community. Purchasers of our office properties typically pay not less than 50% of the purchase price prior to closing, with the

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remainder paid within three months after closing, which, our Directors believe, is in line with industry practice. The title of a property is typically transferred to the purchaser upon the final payment by the purchaser.

Wuhan Salon (Phase I) (武漢客廳一期)

Wuhan was designated by the PRC Government in 2010 as the key regional center for Central China in its strategic Central China Revitalization Plan, and Wuhan is expected to benefit from proposed government initiatives and policies to develop the Central China economy. We believe the local government intends to develop the cultural industry and support large-scale development projects which may help build name recognition of city, we started to discuss with the government authority about the possibility and feasibility of development of a multi-structure, mixed-use cultural center, namely Wuhan Salon, since early 2010. On March 16, 2010, we entered into an investment agreement with Jiangjun Road Subdistrict Office of the People's Government of Dongxihu District of Wuhan Municipality (武漢市東西湖區人民政府將軍路街道辦事處) for the development of Wuhan Salon pursuant to which the government authority agreed in principle to provide parcels of land for the development of Wuhan Salon. See “— Our Property Projects — Other Development Plans — Wuhan Salon (Phase II & III)” below for further details of the investment agreement.

Wuhan Salon is a project currently planned for future development, and is intended to be a multi-structure, mixed-use cultural center near downtown Wuhan, comprising convention halls and exhibition centers. We intend to use Wuhan Salon to further support the business needs and growth of the existing and prospective clients of our projects in Wuhan.

We plan to develop Wuhan Salon in three phases. We obtained the land use rights for Wuhan Salon (Phase I) in January 2011 and we are applying for the land use rights for Wuhan Salon (Phase II & III). We obtained the planning permits in March 2011 and are currently in the process of applying for the construction permits for Wuhan Salon (Phase I). We expect to commence construction upon receiving the construction permits in August 2011, and complete development by December 2013. We currently expect to deliver the initial completed properties in Wuhan Salon (Phase I) in the second half of 2012. Our PRC legal advisers, King & Wood, have advised that (i) we were in compliance with the applicable PRC laws and regulations, in particular the relevant requirements under the Opinions on Adjusting the Housing Supply Structures and Stabilizing Property Prices (《關於調整住房供應結構穩定住房價格的意見》) issued by the State Council on May 24, 2006, with respect to our development of Wuhan Salon (Phase I) as of the Latest Practicable Date, and (ii) subject to the satisfactory completion of the usual formalities with the relevant government authorities, there is no legal impediment to our obtaining the construction permit. We will adhere to the construction plan of Wuhan Salon (Phase I) as approved by the relevant government authorities and monitor the construction process to ensure that our development of Wuhan Salon (Phase I) is compliance with the applicable PRC laws and regulations, in particular the relevant requirements under the Opinions on Adjusting the Housing Supply Structures and Stabilizing Property Prices.

Upon completion, we expect the total site area of Wuhan Salon (Phase I) to be 268,565 sq.m., with a total GFA to be approximately 776,135 sq.m. Wuhan Salon (Phase I) is expected to comprise the following facilities:

- Retail facilities with a total GFA of approximately 34,250 square meter;
- convention center facilities with a total GFA of approximately 270,400 sq.m.;

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- two luxury hotels with a total GFA of 76,255 sq.m.;
- office space with a total GFA of 252,980 sq.m. in loft-style office buildings;
- luxury apartments with a total GFA of 71,200 sq.m.; and
- restaurants and other supporting facilities with a total GFA of 71,050 sq.m.

We intend to sell the luxury apartments and retail facilities, and engage third parties to manage all the remaining facilities upon completion of construction.

Under the investment agreement entered into with Jiangjun Road Subdistrict Office of the People's Government of Dongxihu District of Wuhan Municipality (武漢市東西湖區人民政府將軍路街道辦事處) on March 16, 2010, the government authority agreed to provide subsidies for our preliminary infrastructure construction in connection with Wuhan Salon. Our PRC legal advisers, King & Wood, have advised that the grant of such government grant is subject to our acquisition of the right to develop Wuhan Salon and the acquisition of the land use rights through public tender, auction or listing-for-sale, our entering into land grant contracts with the competent authorities and payment of applicable land premiums with respect to the relevant lands identified under the investment agreement. We received such government grant of Rmb 560.0 million from the government authority in December 2010. Pursuant to a confirmation issued by the Finance Agency of Jiangjun Road Subdistrict Office of the People's Government of Dongxihu District of Wuhan Municipality (武漢市東西湖區人民政府將軍路街道辦事處財政所) on April 2, 2011, such government grants were made to subsidize our costs for part of the preliminary infrastructure construction in connection with Wuhan Salon. Our Directors believe that such government grants are determined by the government on a case-by-case basis and we do not receive such government grants on a continuing basis. As advised by our PRC legal advisers, King & Wood, the Finance Agency of Jiangjun Road Subdistrict Office of the People's Government of Dongxihu District of Wuhan Municipality (武漢市東西湖區人民政府將軍路街道辦事處財政所) is a branch of the Finance Bureau of Dongxihu District of Wuhan Municipality (武漢市東西湖區財政局) and is competent to issue the aforementioned confirmation in respect of the government grants made to us. Our PRC legal advisers, King & Wood, are of the opinion that the government grants of Rmb 560.0 million was properly granted and legal under the applicable PRC laws.

We estimate the development cost of Wuhan Salon (Phase I) to be approximately Rmb 2,699.6 million. As of March 31, 2011, we had incurred development costs such as land grant costs and construction costs (including but not limited to preliminary infrastructure construction) of approximately Rmb 757.8 million for the development of Wuhan Salon (Phase I). As at the Latest Practicable Date, the development of Wuhan Salon (Phase I) has been carried out according to our development plan.

Zall Hupan Haoting Residences (湖畔豪庭)

Zall Hupan Haoting Residences is a residential development project in the Panlongcheng Economic and Technology Development Zone (盤龍城經濟技術開發區). The project is expected to have a total site area of approximately 177,453 sq.m. and a total GFA of approximately 337,572 sq.m. We commenced development of a total GFA of approximately 130,799 sq.m. in March 2011 and expect to commence development of the remaining GFA of approximately 206,773 sq.m. in February 2012 and complete the entire project in March 2013.

As of Latest Practicable Date, we had obtained land use rights with respect to the total site area of our Zall Hupan Haoting Residences and construction permit of those GFA in which we have commenced construction of this project.

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As of March 31, 2011, the total incurred development costs (including land grant costs, construction costs and capitalized finance costs) was approximately Rmb 153.6 million for the development of Zall Hupan Haoting Residences. We estimate that an additional Rmb 746.0 million will be incurred to complete our development of Zall Hupan Haoting Residences.

Zall Zhujinyuan Residences (築錦苑)

Zall Zhujinyuan Residences is a residential development project in the Panlongcheng Economic and Technology Development Zone (盤龍城經濟技術開發區). The project is expected to have a total site area of approximately 61,002 sq.m. and a total GFA of approximately 170,276 sq.m. We plan to develop Zall Zhujinyuan Residences in two phases. We are currently in the process of applying for the planning and construction permits of Zall Zhujinyuan Residences. We expect to commence development of Phase I upon receiving the planning permit and the construction permit in August 2011, respectively, and complete development of the entire project in June 2013. As advised by our PRC legal advisers, King & Wood, subject to the satisfactory completion of the usual formalities with the relevant government authorities, there is no legal impediment to our obtaining any of the permits.

As of March 31, 2011, the total incurred development costs (including land grant costs and capitalized finance costs) was approximately Rmb 70.6 million for the development of Zall Zhujinyuan Residences. We estimate that an additional Rmb 358.0 million will be incurred to complete our development of Zall Zhujinyuan Residences.

Zall Center (卓爾中心)

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 are in the process of applying for the land use right certificates for the land adjacent to this parcel of land. The aforementioned lands are currently designated for industrial uses. We intend to convert the aforementioned lands into commercial lands and construct Zall Center, which is planned to be a high-rise office building on this land after demolition of the existing buildings.

Due to the current designated uses of the aforementioned lands, neither the proposed Zall Center nor any of the existing buildings is freely transferable or leasable for rental income as a commercial property. Since our acquisition of the existing buildings, certain space in the existing buildings had been occupied by certain entities based on pre-existing contractual arrangements which were still in effect at the time of our acquisition of the existing buildings. Our Directors have confirmed that, to the best of their knowledge, the relevant pre-existing contractual arrangements had expired, and we do not intend to enter into any contractual arrangement with such entities. Because the pre-existing contractual arrangements were not entered into between such entities and us, we did not receive any rental income or compensation from such entities or the vendors of the existing buildings in relation to these pre-existing contractual arrangements or agreements during the Track Record Period. For the years ended December 31, 2008, 2009 and 2010, we received Rmb 1,685, Rmb 56,520 and Rmb 113,070 (net of tax), respectively, from such tenants for our maintenance and repairing services.

In accordance with the Property Valuation Report in Appendix IV to this prospectus, the market value of Zall Center as of March 31, 2011 was nil. Assuming the successful conversion

of the aforementioned land from industrial land to commercial land and the transferability of the existing office building, the aggregate market value of the existing office building and related land is estimated to amount to Rmb 48.0 million. As of December 31, 2010, the carrying value of Zall Center was Rmb 36.3 million.

In order to complete the conversion of use of land of the aforementioned lands, we are required under PRC laws to submit an application to the local land and resources bureau and carry out necessary regulatory procedures to obtain land use rights, including acquisition of the 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 submitting our application and carrying out these procedures, and anticipate completing the conversion of use of land by the end of 2011. Our PRC legal advisers, King & Wood, have advised that, in addition to the satisfactory completion of the usual formalities with the relevant government authorities, our completion of the conversion of use of land is also subject to public tender, auction or listing-for-sale of the relevant land. We believe that we have the following advantages over our competitors in seeking to obtain the land use rights through the public tender, auction or listing-for-sale: (i) we are entitled to pay only 50.0% of the land premium pursuant to the Notice of the People's Government of Wuhan Municipality in Publishing the Criteria of Land Premium or Rental Rates of Land in Wuhan Urban Area (No. Wuzhen[2004]39) (《武漢市人民政府關於公布武漢市市區土地出讓金租金標準的通知》(武政[2004]39號)) as the current owner of the aforementioned land; and (ii) we have had a good track record in Wuhan in property development because of our development of the North Hankou Project and No.1 Enterprise Community.

Other Development Plans

Other development plans refer to projects for which we have entered into master, cooperation or investment agreements with the relevant government authorities regarding future development which are not legally binding, and we are in the process of carrying out the necessary PRC regulatory procedures to obtain the land use rights certificates, including acquisition of land through public tender, auction or listing-for-sale, entering into land grant contracts and payment of land premiums. These projects are in the planning stage. The description of any such project in this prospectus reflects our current expectation and projection only, and is subject to change and the outcome of PRC regulatory procedures on land grant. As of the Latest Practicable Date, we had not entered into any land grant contracts with relevant government authorities relating to the projects proposed for future development plans. We may not be able to develop these projects as planned. For risk factors associated with our other development plans, see "Risk Factors — Our future development plans and strategy of replicating our business model in other geographical areas may not succeed."

North Hankou Project (District II)

We plan to develop District II of our North Hankou Project, which will primarily be an expansion of our North Hankou Project in terms of the coverage of the consumer product sectors. Pursuant to a master agreement we entered into with the government of Huangpi District of Wuhan (武漢黃陂區人民政府) on October 10, 2006, the government authority agreed in principle to provide additional land with an aggregate site area of approximately 2,467,900 sq.m. for the development of various properties. Under the master agreement, these properties were originally intended to be primarily production bases and associated facilities related to textile products, including logistics facilities, trade centers, exhibition facilities and office facilities. Under the master agreement, the government authority identified parcels of land suitable for the proposed projects and agreed to (i) assist us in obtaining land

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use rights within one month after the land authorities approve the granting of land use rights; and (ii) provide favorable policies to our potential clients to the extent allowed under the national and local laws and regulations. Under the master agreement, we agreed to (i) provide investment for the construction of the proposed projects and market our properties to attract mid to large-sized well-known enterprises in the textile industry; and (ii) complete construction of infrastructure work of the proposed projects within two years after obtaining the land use rights certificates. The master agreement further provided that the land price is estimated to be set at the lowest land price allowed for industrial land under the PRC regulations and the two signing parties will further agree on the construction and related fees of roads, municipal facilities, disposal of waste water, installation of utility service connections and land leveling that are related to the proposed projects.

After signing the abovementioned master agreement, we became aware of the Wuhan Government's concern on expansion needs and existing traffic congestion problems in Wuhan's historic commercial and trading center, Hanzheng Street (漢正街), and therefore, we subsequently changed our development plan of the proposed projects from production bases and associated facilities under the master agreement to an alternative commercial and trading center for Wuhan. We have not entered, and do not intend to, into any supplemental agreement with the government authorities with respect to such change of our plan. Our PRC legal advisers, King & Wood, have advised that, (a) this master agreement is a letter of intent only and not legally binding, and our plan and development of the North Hankou Project is subject to the relevant governmental procedures including but not limited to acquisition of land use right through public tender, auction or listing-for-sale, entering into land grant contracts and payment of land premium, and (b) the signing of this master agreement does not guarantee that we will obtain the land use rights of the land identified thereunder, which will be granted through public tender, auction or listing-for-sale.

Based on our development schedule, we allocated the aforementioned site area of 2,467,900 sq.m. for the development of two projects: a portion of the North Hankou Project with a site area of 1,155,678 sq.m. and the remaining 1,312,222 sq.m. being set aside for the North Hankou (District II). As of the Latest Practicable Date, we had obtained land use rights of 1,155,678 sq.m., which had been designated for the development of part of our North Hankou Project, and all the project approval for using the land for development of wholesale shopping malls. As of the Latest Practicable Date, we had not entered into any land grant contracts for the remaining 1,312,222 sq.m., which had been designated for the development of our North Hankou Project (District II). The signing of this master agreement does not guarantee that we will obtain the land use rights of such site area of 1,312,222 sq.m. for our planned North Hankou Project (District II), which will only be granted through public tender, auction or listing-for-sale.

Wuhan Salon (Phases II & III)

We plan to develop Wuhan Salon (Phases II & III), which will primarily be an expansion of our Wuhan Salon (Phase I) in terms of the offering of properties and services. Pursuant to an investment agreement we entered into with Jiangjun Road Subdistrict Office of the People's Government of Dongxihu District of Wuhan Municipality (武漢市東西湖區人民政府將軍路街道辦事處) on March 16, 2010, the government authority agreed in principle to provide parcels of land with an aggregate site area of approximately 1,000,500 sq.m. for the development of various properties. Under the master agreement, these properties are expected to include primarily culture exhibition centers, hotels and culture-related trade centers, subject to planning of proposed projects to be confirmed by both signing parties. Under the master agreement, the government authority identified parcels of land suitable for the proposed projects and we agreed to provide investment for the construction of the proposed projects. Under the master

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agreement, the total investment is estimated to be Rmb 5.0 billion and construction is estimated to be completed within five years. Under the master agreement, the land use rights of the identified lands may be granted to us in multiple phases subject to our needs and construction progress and the project planning agreed upon by both signing parties. Under the master agreement, the land is estimated to be used for industrial purposes as to 70% and for commercial purposes as to 30%. Under the master agreement, land planned for industrial purposes is estimated to be listed for sale at a price of approximately Rmb 330.0 per sq.m. and land planned for commercial purposes is estimated to be listed for sale at a price of approximately Rmb 1,050.0 per sq.m. Further, the government authority agreed under the master agreement to (i) list the available parcels of the identified land for sale within three months after signing of the master agreement; (ii) complete the building demolition and residents relocation on the relevant lands at its cost; and (iii) provide subsidies for our preliminary infrastructure works, if necessary. We agreed under the master agreement to (i) commence construction of the related projects within three months after obtaining the relevant land use rights; and (ii) complete not less than 60% of the development of the land within three years after obtaining the land use rights certificates for such land.

We further entered into a supplemental agreement to this master agreement with the same government authority on the same date, providing that the intended grant of the relevant parcels of land identified in the aforementioned master agreement was subject to the government's termination of a cooperation agreement with an Independent Third Party for developing projects on one parcel of the relevant lands. Our Directors confirm that, to the best of their knowledge, the government has terminated its cooperation agreement with such Independent Third Party.

As advised by our PRC legal advisers, King & Wood, this master agreement is a letter of intent only and not legally binding. Based on our development schedule, as of the Latest Practicable Date, we had obtained land use rights of 268,565 sq.m. including the parcel of land as referred to in the supplemental agreement, which had been designated for the development of our Wuhan Salon (Phase I), and had not entered into any land grant contracts for the remaining 633,650 sq.m., which had been designated for the development of our Wuhan Salon (Phases II & III). The signing of this master agreement does not guarantee that we will obtain the land use rights of the site area of 633,650 sq.m. for our planned Wuhan Salon (Phases II & III), which will be granted through public tender, auction or listing for sale.

Xiangyang Salon

On July 9, 2010, we signed a master agreement with the People's Government of Fancheng District of Xiangyang (襄陽市樊城區人民政府) (formerly known as the People's Government of Fancheng District of Xiangfan (襄樊市樊城區人民政府)), Hubei Province to develop integrated wholesale shopping malls, office buildings, convention centers, hotels, high-end residential properties and other facilities in Xiangyang. Under the master agreement, the government of Fancheng District agreed in principle to provide parcels of land with an aggregate site area of approximately 1.0 million sq.m. for the development of the projects, subject to the final determination of the planning authority. Under the master agreement, the total investment is estimated to be Rmb 5.0 billion. Under the master agreement, we agreed to provide the investment and conduct construction and marketing of the proposed projects. The government authority agreed to provide favorable local policies to us for the development of the proposed projects.

As advised by our PRC legal advisers, King & Wood, this master agreement is only a letter of intent and not legally binding. As of the Latest Practicable Date, we had not obtained

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any land use rights for the land identified in the master agreement. The signing of the master agreement does not guarantee that we will obtain the land use rights of the land identified in the master agreement, which will be granted through public tender, auction or listing for sale.

Projects in Tianjin

On January 14, 2011, we entered into a cooperation agreement with the management committee of Tanggu Marine High-Tech Development Area of Tianjin Binhai New Area (天津市濱海新區塘沽海洋高新技術開發區管理委員會) to develop large-scale commercial properties in Tianjin. These large-scale commercial properties are planned to consist of a trade center covering 10 consumer sectors such as automobiles, apparel, small household items, children's products and hotel products, namely Zall Northern China International Trade Center (卓爾華北國際商品交易中心); urban complexes comprising convention centers, hotels, clubs and apartments, namely Binhai Salon Project (濱海客廳); and a corporate park comprising multiple stand-alone office buildings, namely No.1 Enterprise Community Northern China Headquarters Business Park (第一企業社區•華北總部基地).

Under the cooperation agreement, the management committee of Tanggu Marine High-Tech Development Area of Tianjin Binhai New Area agreed in principle to provide parcels of land with an aggregate site area of approximately 1.5 million sq.m. for the development of the entire project and we will obtain the relevant land use rights through public tender, auction or list-for-sale in multiple phases. Pursuant to the cooperation agreement, the total investment is estimated to be approximately Rmb 20.0 billion and the construction is estimated to be completed within five years. Under the cooperation agreement, the government authority agreed not to negotiate with any other parties for similar cooperation within six months after signing the cooperation agreement and agreed to (i) ensure the supply of land in accordance with the development progress of the proposed projects; (ii) assist us to conduct early site preparatory work; and (iii) provide favorable local policies to us on the construction and operation of the proposed projects. Under the cooperation agreement, we agreed not to negotiate with any other party within Tianjin for a similar project within six months after signing the cooperation agreement and agreed to make efforts to (i) complete the project planning within three months after signing the cooperation agreement; (ii) raise funds for development of the proposed projects and obtaining relevant land use rights; and (iii) enter into an investment agreement with the government authority by February 20, 2011 and complete the registration of a project company for the development of the projects by March 20, 2011. This cooperation agreement is only a letter of intent and reflects our development plan as of the signing date.

We further entered into an investment agreement and a supplemental agreement to the investment agreement for Zall Northern China International Trade Center (the "**Investment Agreements**") with the aforementioned government authority, both on January 27, 2011. Under the Investment Agreements, the government authority agreed in principle to provide parcels of land approximately 380,000 sq.m., subject to the overall area planning of Tanggu Marine High-Tech Development Area and public tender of the land use right, for the development of Zall Northern China International Trade Center which is proposed to comprise a digital products mall, apparel mall, footwear and leather products mall, small household items mall, furniture mall, hotel products and supplies mall and other supporting facilities including hotel, ancillary accommodation, office building and other ancillary facilities to the trade center in the Tanggu Marine High-Tech Development Area of Tianjin Binhai New Area with a term of 40 years.

Pursuant to the Investment Agreements, the total investment is estimated to be approximately Rmb 0.8 billion and the construction is estimated to be completed within 24

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months from the day on which we are granted the construction permits. Under the Investment Agreements, the government authority agreed to (i) assist us in establishing the project company in Tanggu Marine High-Tech Development Area and obtaining the land use rights of the identified lands; (ii) assist us to conduct early site preparatory work; (iii) provide favorable local policies to support our marketing and operation; and (iv) grant support funds for construction and operation of such project. Pursuant to the Investment Agreements, the registered capital of our project company shall not be less than Rmb 500.0 million and the operation term of such project shall not be less than 10 years. Pursuant to the Investment Agreements, we were not permitted to (i) change the designated nature of such project without the consent of the government authority; (ii) transfer or lease the land use rights of the identified land without approvals from the government authority and the land administration department; or (iii) relocate the project company from Tanggu Marine High-Tech Development Area without the consent of the government authority. We further made minimum payment commitments with respect to taxes to be paid by us and the potential merchandising clients in Zall Northern China International Trade Center at different stages of our operation. However, these minimum payment commitments do not affect the tax treatment or obligations of us and our potential merchandising clients under the applicable PRC laws and regulations in any way. In the event of our default of the aforesaid provisions, the government authority has the right to terminate these Investment Agreements and withdraw the support funds, and moreover, require us to pay penalties in an amount equal to double the amount of interest due on a notional bank loan of the funds we have actually received from the government authority during the corresponding period. In the event that we fail to commence construction of the identified land within two years from the day on which we enter into the grant contract of land use rights with the competent land administration department, the competent governmental departments have the right to withdraw the land use rights granted to us without compensation and claim an indemnity for their loss from us.

As advised by our PRC legal advisers, King & Wood, the cooperation agreement and the Investment Agreements are letters of intent only and not legally binding. As of the Latest Practicable Date, we had not (a) completed the project planning, (b) completed the registration of a project company, or (c) obtained any land use rights for the land identified in either the cooperation agreement or the Investment Agreements. The signing of the cooperation agreement and the Investment Agreements does not guarantee that we will obtain the land use rights of the land identified thereunder, which will be granted through public tender, auction or listing-for-sale.

Central China Logistics Enterprise Community

On December 31, 2010, we and Cihui Road Subdistrict Office of the People's Government of Dongxihu District of Wuhan Municipality (武漢市東西湖區人民政府慈惠路街道辦事處) entered into a master agreement to jointly develop a commercial property, the Central China Logistics Enterprise Community. Under the master agreement, the project has a total planned site area of approximately 155,411 sq.m., of which approximately 67,367 sq.m. is planned for commercial and financial properties and the remaining 88,044 sq.m. is planned for warehousing and storage. Under the master agreement, land planned for commercial and financial properties is estimated to be listed for sale at a price of approximately Rmb 450.0 per sq.m. and land planned for warehousing and storage purposes is estimated to be listed for sale at a price of approximately Rmb 225.0 per sq.m. Under the master agreement, if the actual transfer prices are higher than the listing prices set forth in the master agreement, the government authority agreed in the master agreement to refund the difference to us to support the infrastructure construction of our proposed projects. We further agreed under the master agreement to (i) incorporate a project company within three months for the development of the

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proposed project; (ii) raise funds for development of the proposed project; (iii) conduct planning of the proposed project with a plot ratio of not less than 2.5 for the commercial and financial properties; and (iv) commence construction within three months after obtaining the relevant land use rights certificates. The government authority further agreed under the master agreement to (i) prepare for the listing for sale of the identified land within five months after signing the master agreement; and (ii) complete the building demolition and residents relocation on the relevant lands at its cost. The project company, Wuhan Logistics Enterprise Community, was incorporated on March 3, 2011. We plan to develop the logistics headquarters area, service area and transportation port in the project and certain supplementary facilities. Pursuant to the master agreement, the total investment is estimated to be Rmb 1.0 billion and the project, which will be developed in two phases, is expected to be completed in three years.

As advised by our PRC legal advisers, King & Wood, this master agreement is a letter of intent only and not legally binding. As of the Latest Practicable Date, we had not obtained any land use rights for the land identified in the master agreement. The signing of the master agreement does not guarantee that we will obtain the land use rights of the land identified or at the prices as stipulated in this master agreement, which will be granted through public tender, auction or listing-for-sale.

Projects in Shenyang

On March 17, 2011, we entered into a cooperation agreement with the People's Government of Yuhong District of Shenyang Municipality (瀋陽市于洪區人民政府) to develop large-scale commercial properties in Shenyang. These planned large-scale commercial properties consist of a trade center covering 16 consumer sectors including apparel, small household items and hotel products, namely Northeastern China (Shenyang) International Trade Center (東北(瀋陽)國際商品交易中心) and two corporate parks comprising multiple stand-alone office buildings, namely No.1 Enterprise Community Northeast China Headquarter (第一企業社區•東北總部基地) and Northeast China Logistic Enterprise Community (東北物聯港). Under this master agreement, the total investment is estimated to be Rmb 16 billion and construction is estimated to be completed within five years. Under the cooperation agreement, the People's Government of Yuhong District of Shenyang Municipality agreed in principle to provide the identified land for the planned project with an aggregate site area of approximately 1,934,300 sq.m. The government authority agreed to be responsible for building demolition, relocation of residents on the identified land and infrastructure construction outside the identified land at their costs. The government authority further agreed to (i) assist us in coordinating with various government departments for our development of the planned project; (ii) issue the land use right certificates to us within 20 days after we obtain the land use right through public tender, auction or listing for sale and pay up the land premium; (iii) extend to us the most preferential policies provided by Liaoning Province, Shenyang Municipality or Yuhong District to businesses, and (iv) extend to the merchandising clients and enterprises in the planned project the most preferential policies provided by Yuhong District. Under the master agreement, we agreed to (i) pay up land premium in time; (ii) incorporate a project company as a regional Northeastern headquarters in charge of investment and management of the planned project and a project company in charge of investment, construction, marketing and operation; and (iii) commence the construction within one month from the date on which we obtain the construction permits.

As advised by our PRC legal advisers, King & Wood, this master agreement is a letter of intent only and not legally binding. The signing of this master agreement does not guarantee

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that we will obtain the land use rights of the land identified in the investment agreement, which will be granted through public tender, auction or listing-for-sale.

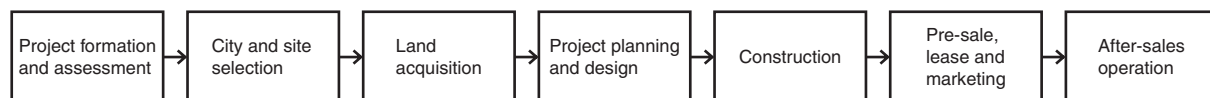
OUR BUSINESS MODEL

Our core value lies in our business model. Instead of focusing on quick realization of development income, we focus on the development and operation of wholesale shopping malls as an integrated platform for our clients to display and sell their products to domestic retailers and end-consumers. We seek to achieve quality project planning and deliver quality management services to our clients. We commence our projects by conducting preliminary market research and feasibility studies to select appropriate project sites, taking into account various factors such as existing and proposed government initiatives and policies, conceptual project design, local consumer market demand for large-scale wholesale shopping malls and transportation infrastructure. We work closely with government agencies and project designers to ensure that our large-scale projects complement the local government's development plan in our selected location and are professionally designed to effectively meet the business needs of our prospective clients. Upon completion of a project, we provide quality professional management services to our clients to provide an efficient operational platform for their businesses.

Our business strategy is to maintain an optimal mix between wholesale shopping mall units for sale and those held as investment properties. We sell a higher proportion of wholesale shopping mall units in the early development phase of a project for better cash flow while retaining a higher proportion of wholesale shopping mall units in the later development stage of a project as investment properties. Upon completion of a project, we typically plan to retain an interest in the properties we develop, from 30% to 50% of the GFA in a project, and we maintain a professional property management team to manage both sold and retained properties with a common agenda, which is to provide them with a comprehensive range of supporting services and facilities to allow them to grow their businesses on our platform.

Our Development Procedures

We maintain a systematic approach in developing our properties, even though each of our development projects is specifically tailored to its distinctive attributes. Our property development process can be summarized in the diagram below:



Project Formation and Assessment

During the project formation stage, the primary task is to formulate our investment plans and conceptualize development targets based on our growth strategies and medium- to long-term development plans. We also place strong emphasis on the study of macro-social economic trends in China, and in particular, such trends in Central China, indicated by government policies and reports and other sources, and seek to conceptualize the most desirable and profitable type of property in a certain area.

Once we have a preliminary concept of the properties that we intend to develop, we conduct further feasibility studies on the potential development target with thorough risk management and investment return analysis, including political and economic development in

the local areas, local property market conditions, disposable income, urban planning, infrastructure and supporting facilities, and resettlement requirements. We are also focused on maintaining public relationships with governments at this stage because wholesale shopping mall projects are an important part of the urban planning of cities in China.

City and Site Selection

We typically start to select our development sites during the project formation and assessment stage. Before we enter new cities and secure sites for new developments, we conduct preparatory investigation with the aid of professional market research firms and, typically, in promising cases, communicate and negotiate with the respective local governments in order to procure more information and achieve better understanding. We select the sites for our wholesale shopping mall projects with extreme care. In addition to the project's requisite size, we pay particular attention to its location in terms of local consumer purchasing power and surrounding transportation infrastructure. We have also formulated a set of criteria in our city selection process, including:

- the general socio-economic conditions of the city, including geographical size, population, and level of economic development, our preference being for regional central cities with superior location and mature transportation infrastructure;
- the position of the city in the overall national economy for the development of our consumer products wholesale shopping malls and affiliated projects;
- the ease of access to various means of transportation customarily preferred by our customers, whether by air, water, rail or highway;
- the existing land supply for commercial properties in the city and its vicinity, including the location of major commercial areas, and any established advantages of existing wholesale shopping malls and markets, and the general level of real estate development;
- the purchasing power and consumption patterns of the residents;
- the local government policy and legal environment in general, and any preferential local government policies in land sales/acquisition and development in particular;
- the competition landscape, including the identity, size and development plans of existing and potential competitors, pricing and other indicators of competing projects, and the marketing strategies of competitors and competing projects; and
- the land availability in the foreseeable future.

With respect to the site selection in a particular city, we consider the following factors:

- the growth potential of the site, and its position in the city's long-term development plans;
- whether the site is, in terms of area and condition, suitable for large-scale, integrated commercial development;
- whether the site is connected to a robust transportation and supporting facilities infrastructure currently existing or planned by the local governments;
- whether the site is ready for development and will not require substantial demolition of existing structures;

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- whether a proposed project on the site is likely to yield a satisfactory outcome based on analysis of its strengths, weaknesses, opportunities and threats;
- whether a proposed project on the site will help lift the economic, cultural and social development of the city and region to a higher level; and
- the projected overall cost of a proposed project on the site.

Land Acquisition

Under the current PRC laws and regulations, land use rights for the purposes of commercial use, tourism, entertainment and commodity residential properties in China must be granted by the government only through public tender, auction or listing-for-sale. When deciding to whom to grant land use rights, the relevant authorities will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal. Grantees of land use rights may, however, dispose of the land use rights granted to them in private sales, subject to the terms and conditions of the land grant contracts and the relevant laws and regulations.

Due to the characteristics and requirements of our large-scale, wholesale consumer product-focused shopping mall projects, size and location of the plot and government zoning regulations play an important role in our decisions. Through our wholesale shopping mall projects, we intend to contribute to the local and regional economy and commerce, while at the same time benefiting from their development.

We currently expect to maintain sufficient land reserves to fulfill our development requirements for the next three years on a rolling basis. As of March 31, 2011, we had approximately 877,300 sq.m. in total GFA under development and approximately 3,733,509 sq.m. in total GFA planned for future development. We continually search for land sites which meet our selection criteria.

Project Planning and Design

Once a site is selected, we pursue the following planning and design philosophies:

- we give full deference to urban planning requirements and considerations of the local government authorities;
- we seek to develop projects that complement the local government's development plan in our selected location;
- we form long-term partnerships with highly experienced architectural design firms in China, and invite international architectural design firms to undertake the planning and design of some of our projects;
- our project designs are of the first-grade in China and embody advanced international design concepts, and we endeavor to build properties which will become landmarks in their local areas; and
- we intend to adopt the most advanced design in our properties with pleasing shape and structure and functional layouts.

Architectural designs for our projects are typically undertaken by third-party architectural firms. Over the years, we have engaged a number of renowned design firms, including Hangzhou Architectural Design Institute (杭州建築設計研究院) and AS. Architecture—Studio, a French architectural design firm. Hangzhou Architectural Design Institute designed our North

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Hankou Project and part of our No.1 Enterprise Community, and AS. Architecture—Studio designed our Wuhan Salon (Phase I).

Our senior management are actively involved during the whole project planning and design process. We attach significant importance to the design and planning of our wholesale shopping mall properties. We aim not only to provide a wholesale shopping mall platform to our customers, but also to offer various operational support and supplementary services. Within each wholesale shopping mall market, we endeavor to create space, convenience and user-friendliness for our clients. As a result, our design of malls typically caters to the particular needs of our clients and their down-stream customers, to facilitate the business operations of our clients.

Construction

We develop and manage our projects through our Project Management Department, and our project companies. The Project Management Department makes strategic determinations and sets strategic parameters for our projects, including overall project planning and periodic targets, scope and size of development, selection of construction companies, contracting price, and raw materials and equipment procurement, while the project companies oversee the day-to-day operations of the respective projects. The Project Management Department coordinates with various project companies through annual, quarterly and monthly development planning and progress reporting mechanisms as well as routine meetings from time to time. The project companies report to the Project Management Department on a monthly basis on the progress of development and quality control. The Project Management Department also conducts random quality inspections from time to time. In addition, the Project Management Department has monthly cost-control meetings with cost-control specialists from every project company in order to effectively control cost and make adjustments to project budgets where necessary.

Our contractors are liable for accidents at the construction site and any regulatory non-compliance related to the construction process. We require our contractors to purchase insurance to cover risk related to construction while they perform work on our construction sites. During the Track Record Period, we have not had any material disputes with any of our contractors.

Bidding

All of our construction work is outsourced to outside construction companies. We select our contractors through a strict process to ensure their compliance with our quality and workmanship standards. Typically, when a project approaches the construction stage, we first compile a shortlist of a minimum of three qualified candidate construction companies after a careful due diligence investigation, including on-site visits to properties recently constructed by the candidate companies. We then invite them to bid for our construction project through a tender-by-invitation process. In selecting the winner we take into account not only the offering price but more importantly the company's professional qualification, reputation, track record, past cooperation with us, financial conditions, and level of technical sophistication. After the selection, our Project Management Department continues to review the qualifications and performance of our construction contractors annually on an on-going basis as long as they are constructing our projects. The review criteria include construction quality, satisfactory construction in line with specifications, safety record, compliance with laws and regulations, and site management, among others.

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The construction contractors we have engaged carry a minimum Second Grade (二級) certification from MOHURD, and hold all the necessary licenses and permits. We have regularly contracted with Xinba Construction Group (新八建設集團), a Wuhan-based company with a Top Grade (特級) certification, and Wenzhou Zhongcheng Construction (溫州中誠建築), a Wenzhou City, Zhejiang Province-based company with a Top Grade (特級) certification, both of which are Independent Third Parties. To ensure that our projects are constructed by quality construction companies only, our construction contracts prohibit subcontracts or assignments without our consent.

Procurement

Building construction materials are generally procured by our contractors, and the risk of price fluctuation is borne by our contractors so long as the fluctuation is within 5% as agreed in our contracts. In the event price fluctuation exceeds 5%, we and the relevant contractors will make adjustments in accordance with guideline prices published by the local government authorities. In specific cases, we designate the brand, manufacturer and price of certain construction materials for purchase and use in our properties. Typically such arrangements involve steel or cement, which account for a substantial portion of the construction material cost of a given project.

Certain large equipment such as elevators, escalators and air-conditioning systems are purchased based on purchase agreements between the relevant suppliers and us and we typically select the suppliers at our discretion. Substantially all of the costs of construction materials, whether procured by ourselves or by the contractor, are accounted for as part of the contractor fees upon settlement with the relevant contractor.

Apart from civil engineering construction, our construction work also includes interior decoration, gardening and landscaping, which are also entirely outsourced to independent service providers.

Payment Control

In a given project, we typically make the first payment to the contractor when the structure rises above the ground level in the amount of 10% of the contractor's total fees. We then pay the contractor according to agreed progress milestones, up to an accumulated 80% of the total fees when construction is completed. We then pay an additional 15%, bringing the cumulative payments to 95% of the total fees when the relevant government authority finishes completion inspections and issues the certificate of completion. We withhold the remaining 5% as a quality deposit, with 3% as a general quality deposit to be withheld by us typically for two years after the date of completion, and 2% as a waterproofing deposit to be withheld by us typically for five years after the date of completion.

Pre-sale, lease and marketing

Before we conduct pre-sale and lease of our properties, we typically set the ratio between properties for sale and properties for leasing based on our assessment of needs for short-term cash flow and long-term rental incomes as well as the condition of the properties. As part of our business strategy, we typically sell a higher proportion of wholesale shopping mall units in the early development phase of a project for better cash flow while retaining a higher proportion of wholesale shopping mall units in the later development stage of a project

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as investment properties. Upon completion of a project, we typically plan to retain an interest in the properties we develop, from 30% to 50% of the GFA in a project.

Like other developers, we pre-sell properties prior to the completion of construction of a project. Under the PRC laws and regulations, property developers must satisfy specific conditions before they may pre-sell their properties under construction. These mandatory conditions include the following:

- the land premium must have been paid in full;
- the land use rights certificate, the construction land planning permit, the construction works planning permit and the construction permit must have been obtained;
- at least 25% of the total project development investments must have been made;
- the progress and the expected completion and delivery date of the construction must be certain; and
- the pre-sale permit must have been obtained.

These mandatory conditions are predicated on substantial progress in project construction and in the capital expenditure. Generally, the local governments also require developers and property purchasers to use standard pre-sale contracts prepared under the auspices of the government. Developers must file all pre-sale contracts with local land bureaus and local real estate administrative authorities within 30 days of entering into such contracts. Local governments often have additional conditions for commencing pre-sales of properties.

We conduct sales and marketing of our properties through our own personnel. For more discussion of our sales and marketing strategies and activities, see “— Sales and Marketing” below.

Many of our customers purchase our properties through the use of mortgage loans. In line with the practice in the property industry in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our properties up until we complete the development of the relevant properties and the property ownership certificates and certificates of other matters with respect to the relevant properties are delivered to the mortgagee banks. See “Financial Information — Indebtedness and Contingent Liabilities — Contingent liabilities” for more information.

As confirmed by our PRC legal advisers, King & Wood, to their best knowledge, we had met all requirements for the delivery of completed properties and issue of property ownership certificates which were required under the sale contracts to customers during the Track Record Period.

Lease

For the years ended December 31, 2008, 2009 and 2010, substantially all of our turnovers were generated from our sale of units. We have only leased a small portion of our properties to third party tenants. For details of sales and leasing information of our North Hankou Project, see “— North Hankou Project”. With respect to our No.1 Enterprise Community, we have designated most of the GFA of office properties for sale.

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After-sales operations

We endeavor to deliver our properties to our customers on a timely basis. We closely monitor the progress of construction of our property projects as well as conducting pre-delivery property inspections to ensure on-time delivery. The timeframe for delivery is typically set out in the sale and purchase agreements we enter into with our customers. Once a property project has passed the requisite inspections and is therefore ready for delivery, our customer service staff will notify our customers in respect of the delivery. Our sales and construction staff, together with staff of our property management company, will inspect the properties prior to delivery to ensure quality.

We have offered a wide range of after-sales services to the clients of our North Hankou Project with the aim of adding value to the business of our clients and improving their business growth. For details, see “— Our Property Projects — North Hankou Project — Proactive Client Services”.

With respect to our No.1 Enterprise Community, we set up an enterprise service center in 2007 when the initial phase of that project was completed and delivered. The enterprise service center is responsible for helping resolve practical difficulties our corporate customers may run into when they operate their businesses on the premises in the business park we have developed.

PROPERTY MANAGEMENT SERVICES

Prior to delivering our properties to purchasers, most of the properties are managed by Zall Property Management. Following delivery of these sold properties, Zall Property Management will continue to manage these properties unless the owners elect to engage another property manager. Our property management services for our projects primarily include security, cleaning, management and maintenance of parking facilities, and daily property management services. As of the Latest Practicable Date, most of the owners of our sold properties had elected to continue to use Zall Property Management to manage these properties.

SALES AND MARKETING

As of the Latest Practicable Date, we maintained an internal marketing and sales force of approximately 138 employees, on whom we rely for all of our property sales and leases at the North Hankou Project and the No.1 Enterprise Community. Our centralized marketing team formulates our overall marketing strategies and coordinates all of our promotion activities. We believe our dedicated sales and leasing personnel are well positioned to serve our customers in a timely and cost-effective manner.

Sales and Marketing Strategies

We employ conventional means to promote our brand and products, including commercials on national and local television network, billboard advertisements, and circulation of our periodical North Hankou Commercial Gazette (漢口北商情). Our sales strategies encompass strategies to promote both the sale and the leasing of our properties that we plan for each of our projects.

For our North Hankou Project, we started our marketing activities by establishing a target customers pool and obtaining the identities and other information of our target customers

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through extensive market research. We also built strong relationships with trade associations representing SMEs, domestic suppliers, manufacturers and distributors in certain consumer product sectors and certain regions, such as China Leather Association (中國皮革協會), Wenzhou Footwear Trade Association (溫州鞋業商會), Yiwu Merchants Association Hubei Branch (義烏湖北商會), Guangdong Merchant Association Hubei Branch (廣東湖北商會) and Fujian Merchants Association Hubei Branch (福建湖北商會). We entered into strategic alliance agreements with some of the trade associations to, among other things, share information on the market landscape of our target consumer product sectors. In addition, we visited wholesale merchants in certain areas in China to obtain first-hand market information on customer preferences and directly promote our North Hankou Project. As a result of these efforts, we were able to identify the top five target customers with recognizable market influence in our target consumer product sectors and the prevailing customer preferences, which is key information for us to plan the marketing initiatives and tailor services to our prospective clients. We seek to secure high quality anchor tenants to increase the stability of our tenant base and help raise the profile and reputation of our wholesale shopping malls, as well as increase the flow of trade within these centers, thereby enhancing our project status as a preferred business platform for our clients and allowing us to augment rental rates and sales prices for our wholesale shopping mall units.

As part of our sales efforts, we have also established sales offices on an as-needed basis in various manufacturing centers for various consumer product sectors, to solicit customers for our wholesale shopping mall properties. For example, for our footwear and leather products mall, we set up sales offices in Wenzhou, Guangzhou, Jinjiang and Chengdu; for our small household items mall, we set up sales offices in Guangzhou and Yiwu; for our hotel products and supplies mall, we set up sales offices in Guangzhou City and Shanghai; and for our apparel mall, we set up sales offices in Gongguan, Shishi, Wenzhou and Changshu. We believe that these cities are the major manufacturing centers in China for the respective consumer product sectors.

Promotions

A significant part of our marketing strategy is to provide promotions to our customers. We have actively leveraged our strong relationship with local governments to obtain government support for our North Hankou Project in terms of favorable government policies and concessions offered to our tenants. In addition, since the commencement of operation of our North Hankou Project, we have provided a wide range of promotions to our clients, such as free lunches, reimbursement of travels costs and trade volume-based prizes, subject to conditions that differ from case to case.

We also regularly organize high-publicity market events, campaigns and other social activities in our North Hankou Project, as part of our proactive services to our clients. We believe that our proactive services have contributed significantly to our brand name and strengthened the customer loyalty for our North Hankou Project. For details of our proactive client services, see “— Our Property Projects — North Hankou Project — Proactive Client Services”.

SUPPLIERS AND CUSTOMERS

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. Wuhan Huajin Construction Co., Ltd. (武漢華錦建設工程有限公司), or

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Huajin Construction, a wholly owned subsidiary of Zall Holding, was in the past a supplier of our Group and accounted for approximately 17.8%, 44.3% and 6.3% of our Group's total purchases during the Track Record Period. Huajin construction, together with its subsidiaries, provided a range of construction services to our Group. Zall Holding is controlled by Mr. Yan, a Controlling Shareholder. Therefore Huajin Construction is considered a connected person of our Group. Subsequently in October 2010, Zall Holding disposed of its entire interests in Huajin Construction to an independent third party. Save as disclosed above, none of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

During the years ended December 31, 2008, 2009 and 2010, sales to our five largest customers represented 49.8%, 7.0% and 6.6% of our total turnover, respectively, and sales to our largest customer accounted for 17.9%, 2.0% and 1.7% of our total turnover, respectively. None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

QUALITY CONTROL

To ensure construction quality, we typically set out detailed quality standards and specifications in the construction contracts with our contractors. The contracts also require that the contractors comply with government laws and regulations on construction quality. In addition, our construction contracts contain quality warranties and penalty provisions for substandard work and substantial construction delays. We have not had any material legal dispute arising under such contracts with construction companies. We typically withhold 5% of the construction fees as a quality deposit after completion of the construction to give additional quality assurance.

We hire, at our cost, independent certified professional construction inspection companies to conduct on-site, full-time quality control, safety supervision, and progress monitoring together with our internal quality control personnel. We generally make payments to our contractors upon the sign-off of the professional inspection company on the quality of the construction work.

COMPETITION

Although we believe we offer differentiated property products and services as compared with other property developers in China, we face competition from developers and operators of other large-scale wholesale shopping markets in China, particularly in or near the central regions of China, that deal with the same or similar consumer product sectors as we do or consumer product sectors we intend to expand into. In particular, in the Panlongcheng Economic and Technology Development Zone of Wuhan in which 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. According to the 2010 Statistical Yearbook of Commodity Exchange Markets of China, amongst the top 100 wholesale markets in Central China in terms of annual sales turnover exceeding Rmb 100 million as of December 31, 2009, eleven markets were located in Wuhan. Among these eleven wholesale markets, the majority of them are engaged in the wholesale of non-consumer products. In line with the PRC Government's policy initiative to promote product distribution industry and move such industry up the industrial value chain, the Wuhan government has identified and planned to build the

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North Hankou Wholesale Market Cluster since 2007, at selected locations in the Panlongcheng Economic and Technology Development Zone of Huangpi District. According to plans from the Huangpi District Government, there will be a total of nine large-scale specialized wholesale markets to be constructed within the Panlongcheng Economic and Technology Development Zone in the five-year period starting from 2007. The planned specialized wholesale markets, when completed, will transform the region into the largest wholesale market cluster in Wuhan and in Central China. For details of those wholesale markets and developers, see “Industry Overview — Wholesale markets in China — Wuhan”. The competition will increase in the regions where we currently operate or intend to expand as new players enter such geographical markets.

We compete with our competitors on a range of factors, including location, facilities, customer services, transportation infrastructure, government tax and other incentives, appearance, age of building, construction quality, maintenance and supporting services. We also compete on sales prices, rental rates and other sale and lease terms. We seek to maintain the attractiveness of our properties with a particular emphasis on services we provide to the purchasers and tenants of our wholesale shopping mall properties. We also compete in reputation by the ability to secure and retain long-term partnerships with high quality anchor occupants across a number of industries. Over 1,000 leading domestic consumer product brands and enterprises, such as Yi’erkang Footwear (意而康鞋業), Zhizhuwang Footwear (蜘蛛王鞋業), Red Dragonfly Footwear (紅蜻蜓鞋業), Gemeiqi Footwear (戈美其鞋業), Benesol Footwear (邦賽鞋業), Huangmei Footwear (皇妹鞋業), Sanxia Hotel Supplies (三峽酒店用品), Wuyang Hotel Supplies (五羊酒店用品), Hocres Hotel Supplies (海克瑞斯酒店用品), Dashidai Hotel Supplies (大時代酒店用品), Huanan Kitchen Supplies (華南廚具), Huahang Glass (華行玻璃), Happy Family Household Items (幸福人家日用品), Huayang Hotel Supplies (華洋酒店用品), M&G Stationery (晨光文具), Danna Stationery (丹納文具), Haiyang Stationery (海洋文具), Deli Stationery (得力文具), Ayilian Apparel (阿依蓮服飾), Playboy Apparel (花花公子服飾), Longdafei Apparel (龍達飛服飾) and Yubin Men’s Fashion (禹斌男裝), have become our stable anchor occupants.

We believe we have established a leading position in Wuhan, Hubei Province, and a strong reputation in central China. But our competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition, as we have disclosed in the section entitled “Risk Factors — Risks Relating to Our Business and Our Industry — We face competition from other commercial property developers in China for land and clients” in this prospectus. As our strategy calls for expansion of our business models into other regions of China, we will face additional competition from local players, who may be more familiar with, and more established in, the local market.

PURCHASER FINANCING


We provide guarantees for mortgage loans of purchasers of our shopping mall units in line with customary practice in the property industry in China. See “Financial Information — Indebtedness, Contingent Liabilities and Net Current Assets — Contingent Liabilities” for more information. 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.

PROPERTIES FOR OUR OWN USE

As of March 31, 2011, we owned and used properties with a total GFA of 5,585 sq.m. in Wuhan as office and canteen facilities. We also leased properties with a total GFA of 120 sq.m. in Wuhan as our office facilities.

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INTELLECTUAL PROPERTY RIGHTS

We have registered and/or applied for the registration of “漢口北”, “Zall”, “卓爾”, “卓爾發展”, “Zall 卓爾發展”, “Zall Development”, “ZALL” and “” with the PRC Trademark Office and the Trade Marks Registry in Hong Kong under various relevant categories. As of the Latest Practicable Date, we had (i) registered 58 trademarks in the PRC and one trademark in Hong Kong and (ii) applied for the registration of four trademarks in the PRC and four trademarks in Hong Kong. We are also the owner of the domain names of “www.zallcn.com” and “www.zalldevelopment.com”. For further details of the relevant trademarks and domain name, please refer to the section headed “B. Information about the Business — 2. Intellectual property rights of the Group” in Appendix VII to this prospectus.

To the knowledge of our Directors, an Independent Third Party registered a trademark which is similar to our “Zall” trademark in 2009. As advised by our PRC legal advisers, King & Wood, our “Zall” trademark was legally and validly registered under the PRC laws and the trademark registered by the Independent Third Party was registered under a different category of products and services. As a result, King & Wood is of the opinion that we are entitled to continue our use of “Zall” trademark in our business operations and we are unlikely to be challenged for our use of “Zall” trademark within the scope approved by and registered with the government authority by third parties for infringement of the trademark registered by the Independent Third Party mentioned above.

INSURANCE

We carry employer’s liability insurance for medical and related expenses that our employees may incur as a result of personal injuries at our workplace or construction sites of our property developments. We do not, however, maintain property damage or third-party liability insurance on our workplace or property developments. Under the existing PRC laws and regulations, these types of insurance are not mandatory and may be purchased on a voluntary basis. We believe our insurance practice is in line with the customary practice in the PRC real estate industry. We closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damage to our property and liabilities that may be attributable to us.

See “Risk Factors — Risks Relating to Our Business and Industry — We have limited insurance to cover our potential losses and claims” in this prospectus for additional information.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental and safety laws and regulations. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. We are required to engage qualified agencies to conduct a comprehensive environmental assessment on each of our projects and submit our environmental impact study reports to the relevant authority for approval. The PRC Government will not grant us the construction permit with respect to any property project absent an acceptable environmental impact study report. We are committed to complying with these environmental and safety laws and regulations. We also actively participate in the environmental assessment process and fully cooperate with accredited environmental assessment organizations. We incurred approximately Rmb 124,000, Rmb 84,000 and Rmb 113,000 for compliance with applicable environmental laws and regulations, which primarily related to environment impact assessment for construction of our properties, for the

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years ended December 31, 2008, 2009 and 2010, respectively. We expect that the cost to be incurred for compliance with applicable environmental laws and regulations will be approximately Rmb 8.3 million and Rmb 4.2 million for the years ending December 31, 2011 and 2012, respectively, in accordance with local regulations issued by Huangpi District of Wuhan. The significant increase in the estimated environmental costs reflects primarily our plan to increase land reserves. The actual environmental cost to be incurred for 2011 and 2012 may vary significantly from our estimated amount for each year because as a general practice in Wuhan, the local government may reduce the environmental cost per sq.m. on a case-by-case basis if a company holds a large amount of land reserves.

All of our completed property projects and properties under construction have received the requisite environmental approvals. Upon completion of each property project, the relevant PRC Government authorities will also inspect the property site to ensure that we have complied with the applicable environmental and safety standards. Based on the confirmations from the relevant competent authorities, our PRC legal advisers, King & Wood, have advised that, we were in compliance with the relevant environmental and safety rules and regulations in China and no penalty was imposed on us in connection with any violation of environmental laws and regulations during the Track Record Period.

DELAY IN COMMENCEMENT OF CONSTRUCTION WORK

We have certain parcels of land obtained for future development within the North Hankou Project, No.1 Enterprise Community, Zall Zhujinyuan Residences and Zall Hupan Haoting Residences, which have an aggregate site area of approximately 811,402 sq.m., which we have not developed according to the schedules set forth in the related land grant contracts. Pursuant to article 26 of *the Law of the People's Republic of China on the Administration of Urban Real Estate* (中華人民共和國城市房地產管理法), where the land-use right has been obtained by means of granting for development of real estate, the land must be developed according to the land-use purpose and the time limit for commencing the development as agreed upon in the contract for granting the land-use right. Where one year has elapsed from the date for commencing the development as agreed upon in the granting contract and the land is not yet developed, fees for idle land which are equivalent to twenty percent or less of the fees for granting the land-use right shall be collected; where two years have elapsed and the land is still not developed, the land-use right may be reclaimed without compensation. However, cases where the delay in commencing the development is caused by force majeure or acts of governments or their departments concerned or by the early preparations necessary for commencing the development are excepted. We have 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 confirming that (i) our delay in commencing the development of the relevant land parcels was caused by delays in the site preparatory work necessary for commencing project development, such as building demolition and relocation of residents on the relevant land, (ii) the relevant land would not be deemed to be "idle land" under *the Measures for Handling Idle Land* (土地閑置處理辦法), (iii) they would not impose any penalties or administrative sanctions on us, and (iv) upon the completion of such building demolition and relocation of residents on the relevant land, we may apply for planning and construction permits and then commence project development on the relevant land. Our PRC legal advisers, King & Wood, have advised that, pursuant to such written confirmation and the relevant land grant contracts, the government authorities are responsible for the site preparatory work in order for us to commence project development. Moreover, based on such written confirmation, King & Wood has advised that, since our delay in commencing project

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development is considered to be caused by the delay in the site preparatory work, (i) our delay in commencing project development does not violate any PRC laws and regulations, and (ii) 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. To avoid any delay in our projects, we closely monitor the factors which would affect the progress of our projects. In the event of any delay in the previous stages of our projects, we will make necessary arrangements to speed up the progress of the later stages in order to complete the projects according to the schedules. Save as disclosed above, we did not envisage any delay occurring in our existing projects as of the Latest Practicable Date.

HISTORICAL NON-COMPLIANCE WITH PRC LAWS

According to the original development plans formulated by us taking into account the local government's development policies, we started the construction of certain malls and the central warehouse (Phase I) in our 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. The delay in obtaining such permits was because the relevant government authorities were considering minor adjustments in boundary lines or site areas of the relevant lands, which was beyond our control. See "Risk Factors — 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" for details of potential penalties. We obtained written confirmations from the Urban and Rural Construction Bureau of Huangpi District, Wuhan (武漢市黃陂區城鄉建設局), the competent authority according to our PRC legal adviser, King & Wood, on January 5, 2011 and January 10, 2011 confirming that (a) they had been involved in reviewing the design plans and supervising the construction of such properties on the relevant lands prior to granting the relevant construction permits to us, (b) they were processing our application for the relevant construction permits, and (c) they would not impose any administrative penalties on us in respect of such historical non-compliance. We have subsequently obtained all relevant construction permits for the properties of which we started the construction before obtaining such permits by June 2011. Our PRC legal advisers, King & Wood, have advised that, given that we have obtained the aforesaid written confirmations from the Urban and Rural Construction Bureau of Huangpi District, Wuhan (武漢市黃陂區城鄉建設局) and certain construction permits for these properties on the relevant lands, the risk that our Group would be subject to any penalties or any of the relevant lands would be confiscated is remote. As of the Latest Practicable Date, we have not been subject to any fine, additional construction costs or conditions on the relevant projects imposed by the relevant government authorities due to our early construction of the relevant projects. Based on the aforesaid written confirmations issued by the competent government authority and the progress of our current application for the relevant construction permits, our Directors do not expect any impact on our Group due to such early construction.

As of the Latest Practicable Date, we had established internal procedures to ensure that we will obtain all necessary permits, licenses and approvals under the applicable PRC laws prior to our commencement of any construction work in the future. Pursuant to our internal procedures, our development department staff will be responsible for obtaining these permits, licenses and approvals for property development. Our construction department will closely communicate with our development department staff before undertaking any construction work for new projects or new phases of an existing project. We have appointed two legal officers of our Group to monitor and ensure that we will, in future, obtain all necessary permits, licenses and approvals pursuant to the applicable PRC laws prior to the commencement of any construction work. We will also set out in contracts with our project contractors that

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construction work can only take place upon the obtaining of all necessary permits, licenses and approvals in future.

As confirmed by our PRC legal advisers, King & Wood, save as disclosed above and under “— Delay in Commencement of Construction Work” above, we had obtained all the relevant approvals and/or permits for our business operations and were in compliance with all the relevant PRC laws and regulations during the Track Record Period. As of the Latest Practicable Date, we have not been subject to any penalty or idle land fee imposed by the PRC Government for our failure to develop a property project on a timely basis in accordance with the relevant land grant contracts.

LEGAL PROCEEDINGS

During the Track Record Period, we have been involved in legal proceedings in the ordinary course of our business, which involved a dispute with one of our customers related to overdue payment of property price in an amount of Rmb 567,600 owed to us, and we have not incurred significant legal costs and expenses on such proceedings in the context of our overall operating results. We are not aware of any other material legal proceedings or claims currently existing or pending against us. Save as disclosed under “— Delay in Commencement of Construction Work” above, we had not encountered any circumstances that have led to material construction delays or received any material claims from our customers for our failure to complete any pre-sold project on time, or received any material claims from our customers for delay in the delivery of property ownership certificates as of the Latest Practicable Date.