You should read the following discussion of our results of operations and financial condition in conjunction with our consolidated financial information as of and for each of the three years ended December 31, 2008, 2009 and 2010, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRSs. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a 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 The Development Committee of Wholesale Markets of The China Marketing Association (中國市場學會商品批發市場發展委員會) ("**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 wholesale business clients, which we expect will result in a corresponding increase in demand for our wholesale shopping mall units. We

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.

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 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 km 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 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) project. 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 sq.m.. 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 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 "Business — Our Property Projects — Other Development Plans".

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世紀經濟報道》, 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,

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.

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, rental income, advertising income and other ancillary services income accounted for our remaining turnover. For the years ended December 31, 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 fair value of our investment properties.

BASIS OF PREPARATION AND PRESENTATION OF OUR FINANCIAL STATEMENTS

We underwent the Reorganization in anticipation of the Global Offering. Our Reorganization involved companies under common control, and our Company and combined subsidiaries resulting from the Reorganization are regarded as a continuing group. Accordingly, we have accounted for the Reorganization on the basis of merger accounting, under which our consolidated financial statements present our results of operations, cash flows and financial position as if our current group structure had been in existence since the later of January 1, 2008 and, in relation to each entity, its date of incorporation/establishment or acquisition. All intra-group transaction balances have been eliminated on combination.

In accordance with IFRSs, we have prepared our consolidated financial statements under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale investments at their fair value pursuant to IFRSs.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic Growth in China, especially in the Consumer Economy and in Central China

Economic growth, especially that of the consumer economy, has been the main driving factor behind the increasing volume of domestic commerce in consumer products in China, which in turn has spurred demand for wholesale shopping malls and related commercial properties and property services. Subsequent to the global financial crisis in 2008 and 2009, the PRC Government has been endeavoring to develop a more consumer-driven economy from an export-reliant economy. But this is not an easy process, as it is closely linked to people's spending and saving habits. China has traditionally remained one of the economies with the highest saving rates in the world. In addition to these factors, we are susceptible to the economic conditions in central China where we currently have all of our operations. Unlike the fast-growing coastal regions of China, central China has remained relatively under-developed over the years and has only recently become a focal point in the development plans of the PRC Government. Although the economic development potential of central China is believed to be substantial, it is starting from a relatively lower economic development stage, with significant infrastructural and ground work to be done before its economy may take off. These factors will continue to have a significant impact on the number of our customers and potential customers and the pricing and profitability of our business properties and property services, which directly affect our results of operations.

Regulation of the Real Estate Industry in China

PRC governmental policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among others, land supply, foreign exchange, pre-sale of properties, land usage, plot ratio, bank financing, taxation, and foreign investment. Although in the second half of 2008, in order to combat impact of the global economic slowdown, the PRC government adopted measures to encourage consumption in the residential property market and support real estate development, since the second half of 2009, the PRC Government has stepped up its regulation in the real estate industry in order to control excessive liquidity and speculative transactions. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations. You should refer to the sections entitled "Industry Overview — PRC Property Markets — Measures Taken by PRC Government in Recent Years Relating to PRC Property Markets" and "Appendix V — Summary of PRC Laws Relating to the Property Sector" in this prospectus for more details on the relevant PRC regulations.

The GFA available for sale or lease, Sales Prices, Rental Rates and Occupancy Levels of our Wholesale Shopping Mall Units

Our results of operations and the sources and amount of our cash from operations may vary significantly from period to period depending on the types and GFA of our completed wholesale shopping units that are sold or rented to our clients, and when our projects in various stages of development are completed. The GFA of the wholesale shopping mall units we are able to sell or lease depends on the progress of our development projects. Our results of operations and cash flows also vary depending on the market demand at the time we sell or rent our completed wholesale shopping mall units, rental and occupancy rates of our investment properties and sales prices for the wholesale shopping mall units sold. The rental rates, sales prices and occupancy levels of our wholesale shopping mall development projects are dependent on local market prices, which are in turn affected by a number of factors, including local demand and supply conditions, competition and economic conditions.

In addition, as we focus on large-scale wholesale shopping mall projects, which typically take a number of years to complete, our turnover, cash flow, financial condition and results of operations are also dependent on the timing of our project development and project presale or leasing schedule, as well as local market demand for our existing and new wholesale shopping units.

Furthermore, we sold a relatively large portion of completed wholesale shopping units in our North Hankou Project for better cash flow in the early development phase of the project and generated significant turnover for the periods in which these wholesale shopping mall units were sold. As we continue to develop the North Hankou Project, we intend to retain an increasing proportion of wholesale shopping mall units as investment properties for leasing. Our goal is to maintain an optimal mix between wholesale shopping mall units for sale and those held as investment properties. A reduction in the sales of wholesale shopping mall units in a period could negatively affect our turnover for that period.

Fair Value of Investment Properties

Our investment properties include wholesale shopping mall units and related business properties held for rental income, capital appreciation or both. Our investment properties are stated at their fair value on our consolidated statements of financial position as non-current assets as of each balance sheet date on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses upon revaluation in our consolidated income statements, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties, as so determined at a particular date, may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by another qualified independent professional valuer using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow available for our operations or potential dividend distribution to our shareholders. The amounts of fair value adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions in China and may increase or decrease. We cannot assure you that similar levels of fair value gains can be sustained in the future. You should refer to "— Discussion of Certain Statement of Financial Position Items — Investment Properties".

Ability to Acquire Suitable Land at Desirable Cost

Even though we currently maintain sufficient land reserves to fulfill our development requirements for the next three to five years, we continue to look for suitable sites for future development projects, on which our continuing growth will partially depend. There is limited supply of suitable land available for development in Wuhan and other Chinese cities we plan to expand to. We also face strong competition from other developers for sites we may target to acquire. Our results of operations are affected by land acquisition costs, which constitute a major component of our cost of sales. Over the years, land premiums have generally been increasing steadily in China. It is expected that land premiums will continue to rise as the PRC economy continues to develop. In addition, the statutory requirement for public tender, auction or listing-for-sale in respect of the grant of state-owned land use rights may further increase competition for undeveloped land and land acquisition costs.

Access to and Cost of Financing

Bank borrowing is another important source of funding for our property developments. As of December 31, 2008, 2009 and 2010, our outstanding bank borrowings amounted to Rmb 137.0 million, Rmb 270.9 million and Rmb 339.7 million, respectively. For the years ended December 31, 2008, 2009 and 2010, our aggregate interest expense on bank borrowings (before capitalization of interests into properties under development) were Rmb 7.3 million, Rmb 16.9 million and Rmb 14.9 million, respectively, and the interest, according to respective loan agreements, ranged from 5.95% to 7.94% per annum, 5.67% to 7.94% and 5.60% to 7.02% per annum for the years ended December 31, 2008, 2009 and 2010, respectively. As commercial banks in China link the interest rates on their loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs for our developments. In addition, our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property developments. Please see the section entitled "Risk Factors — Risks Relating to Our Business and Our Industry — We may not be able to obtain adequate funding to complete property projects currently under development or planned for future development" in this prospectus.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in accordance with IFRSs, which require us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities at the end of each fiscal period, and (ii) the reported amounts of income and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of our current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimation in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue will be recognized provided that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Our turnover represents income from sale of properties, rental of properties, property management services, advertising and other ancillary services, net of business tax and other sales related taxes, and is after deduction of any trade discounts.

Sale of properties

Revenue from the sale of completed properties is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales-related taxes, and is after the deduction of any trade discounts. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the statements of financial position as receipts in advance.

Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

Leases which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognized immediately. If the sale price is below fair value, any profit or loss shall be recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortized over the period for which the asset is expected to be used.

Service fee income

Service fee income in relation to property management services, advertising services and other ancillary services are recognized when such services are provided to customers.

Government grants

Government grants are part of other revenue and are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognized as deferred income and subsequently deducted from the carrying amount of the assets upon completion of the construction of the relevant project(s).

Properties under Development

Inventories in respect of property development activities are carried at the lower of cost and net realizable value. Cost and net realizable values are determined as follows:

Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including land use right, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of overheads and borrowing costs capitalized. Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the statements of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in profit or loss.

Income Tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in the income statement except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Apart from the above, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

RESULTS OF OPERATIONS

The table below sets forth a summary of our results of operations for the periods indicated.

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Turnover	83,028	476,607	769,737
Cost of sales	(56,056)	(307,996)	(413,210)
Gross profit	26,972	168,611	356,527
Other revenue	196	1,361	8,465
Selling and distribution expenses	(38,866)	(39,831)	(25,074)
Administrative expenses	(9,775)	(17,234)	(39,487)
Other expenses	(1,140)	(2)	(367)
(Loss)/profit from operations before changes in fair value of investment properties	(22,613)	112,905	300,064
Increase in fair value of investment properties	370,675	782,365	626,563
Profit from operations after changes in fair value of investment properties	348,062	895,270	926,627
Share of profit less losses of a jointly controlled entity	—	(702)	(4,755)
Net finance costs	(3,546)	(4,407)	(299)
Profit before taxation	344,516	890,161	921,573
Income tax	(89,672)	(234,920)	(288,387)
Profit for the year	254,844	655,241	633,186
Attributable to:			
— Shareholders of the Company	253,421	655,074	635,072
— Non-controlling interests	1,423	167	(1,886)
Profit for the year	254,844	655,241	633,186

Description of Certain Income Statement Items

Turnover

We generated our turnover from sales of properties, property management services, rental income, advertising income and other ancillary services income. The following table illustrates our turnover by source for the periods indicated.

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Sales of properties	82,268	475,778	750,762
Property management services	758	772	681
Rental income	2	57	4,133
Advertising income	—	—	12,301
Other ancillary services income	—	—	1,860
	83,028	476,607	769,737

During the Track Record Period, most of our turnover was derived from sales of properties primarily including wholesale shopping mall units in the North Hankou Project and the offices and retail units in the No.1 Enterprise Community Project. Our rental income increased significantly in 2010 as we started to retain an increasing number of wholesale shopping mall units in the North Hankou Project for leasing. The following table sets forth information regarding GFA and average sale prices of wholesale shopping mall units and other properties in the North Hankou Project and the No.1 Enterprise Community Project, which account for the most significant component of our turnover.

	For the year ended December 31,								
	2008			2009			2010		
	GFA Sold	Average sale price(1)	Turnover(1)	GFA Sold	Average sale price(1)	Turnover(1)	GFA Sold	Average sale price(1)	Turnover(1)
	(sq.m.)	Rmb/sq.m.	Rmb'000	(sq.m.)	Rmb/sq.m.	Rmb'000	(sq.m.)	Rmb/sq.m.	Rmb'000
North Hankou Project (wholesale shopping malls):									
Footwear and leather	—	—	—	64,351	4,717.5	303,577	22,256	5,869.9	130,641
Small household products	—	—	—	30,710	4,390.4	134,828	2,641	5,918.8	15,631
Hotel products and supplies	—	—	—	—	—	—	59,840	4,769.5	285,404
Cotton knitwear	—	—	—	—	—	—	33,809	5,190.1	175,473
Subtotal	—		—	95,061		438,405	118,546		607,149
No.1 Enterprise Community:									
Office	37,448	2,196.9	82,268	13,488	2,770.8	37,373	47,110	2,770.9	130,537
Retail shopping units	—	—	—	—	—	—	2,429	5,383.2	13,076
Subtotal	37,448		82,268	13,488		37,373	49,539		143,613
Total	**37,448**		**82,268**	**108,549**		**475,778**	**168,085**		**750,762**

(1) Amount is net of business tax.

Our turnover from sales of properties increased significantly during the Track Record Period primarily because we recognized the turnover from the sale of an increasing number of wholesale shopping mall units in the North Hankou Project as we commenced the operation of several shopping malls in that project, including the footwear and leather mall and the small household products mall in 2009, and the hotel products and supplies mall and the cotton knitwear mall in 2010.

In recognizing the revenue from the properties which were sold and subsequently leased by us, a portion of the sale proceeds, representing the present value of the difference between the rental rates contemplated under the respective lease agreements and the prevailing market rental rate (as determined at the dates of inception of the respective lease agreements), is treated as deferred revenue while the remaining portion is recognized directly as revenue. The deferred revenue is amortized over the lease term of the lease agreements. The deferred revenue will be offset against the rental expense paid / payable to the owners of the sale and leaseback properties.

As of December 31, 2010, approximately Rmb 23.4 million in total was recognized as deferred revenue, of which the amortization schedule is set out below:

Year	Rmb ('million)
2010	6.3
2011	6.3
2012-2015	10.8

During the Track Record Period, the revenue recognized from the sale of the properties which were sold and subsequently leased by us was nil, nil and Rmb 104.7 million (net of business tax of Rmb 6.3 million), respectively. Our Directors have confirmed that the subsequent lease arrangements should not be viewed on a stand alone basis as a loss in order to attract tenants; on the contrary, the impact of such initial sale and subsequent lease arrangement should be considered in the context of the overall profitability taking into account the deferred revenue and the positive impact on the overall traffic of our malls. Our Directors have confirmed that the entire arrangement remains profitable, and the gross profit with respect to the sales of the relevant properties (excluding the deferred revenue) was Rmb 15.8 million (representing a gross profit margin of approximately 19.4%) for the year ended December 31, 2010. See "Business — Our Property Project — Particulars of Completed Properties within North Hankou Project Lease Arrangement with Property Owners" in this prospectus for details of the business rationale of such initial sale and subsequent lease arrangements.

We continue to engage in the advertising business through Zall Development China. Since our expansion into the development of commercial properties, we have provided value-added services, which have included providing our advertising spaces to our tenants in the North Hankou Project, and we provided such services to such tenants free of charge during the Track Record Period. During the Track Record Period, we recognized revenue from providing advertising services including planning of promotional and marketing events, design of advertisements, advertisement publication agency services and provision of advertising facilities in our projects, most of which were provided to Wuhan Big World Investment, Wuhan Zhongbang Network and Zall Biotech Construction. For the years ended December 31, 2008, 2009 and 2010, our revenue arising from advertising services was nil, nil and Rmb 12 million, respectively. We did not recognize any revenue arising from advertising services in 2008 and 2009 because (i) we provided our advertising spaces to our customers in the North Hankou Project free of charge, and (ii) no advertising service was provided to Wuhan Big World Investment, Wuhan Zhongbang Network, Zall Biotech Construction, or any other parties in

2008 and 2009. As part of the Reorganization in preparation for the Listing, we disposed of Zall Biotech Construction to Zall Holding on September 30, 2010, and Zall Biotech Construction subsequently became our related party. Therefore, the revenue from providing advertising services to Zall Biotech Construction recognized after such disposal was accounted for in our consolidated financial statements. We have ceased to provide advertising services to Wuhan Zhongbang Network and Zall Biotech Construction since January 2011, and will not provide such services to them after the Listing. We may continue to provide advertising services to Wuhan Big World Investment after the Listing, and we will comply with the Listing Rules in that case if and when necessary.

During the year ended December 31, 2010, we provided property management services and logistics management services to Wuhan Zhongbang Network from which we recognized turnover of Rmb 1.9 million. We have ceased to provide such services to Wuhan Zhongbang Network since January 2011, and will not provide such services to Wuhan Zhongbang Network after the Listing.

Cost of Sales

Cost of sales comprises primarily cost of properties sold and cost incurred for property management services. The following table sets forth a breakdown of our cost of sales for the periods indicated.

	For the year ended December 31,					
	2008		2009		2010	
	Rmb	%	Rmb	%	Rmb	%
	(In thousands, except for percentages)					
Cost of properties sold						
Construction costs	49,568	88.4	293,566	95.3	378,827	91.7
Land acquisition costs	5,818	10.4	10,231	3.3	16,625	4.0
Capitalized borrowing costs	515	0.9	3,534	1.1	9,078	2.2
Total cost of properties sold	55,901	99.7	307,331	99.7	404,530	97.9
Cost of property management services	155	0.3	665	0.3	432	0.1
Cost of advertising income	—	—	—	—	8,248	2.0
Total	56,056	100.0	307,996	100.0	413,210	100.0

Cost of Properties Sold

Our cost of properties sold consisted primarily of costs incurred directly for our property development activities related to wholesale shopping mall units in the North Hankou Project and the offices and retail shopping units in the No.1 Enterprise Community Project that were sold during the Track Record Period. Cost of properties sold includes construction costs, land acquisition costs and capitalized borrowing costs. For the years ended December 31, 2008, 2009 and 2010, cost of properties sold accounted for 99.7%, 99.7% and 97.9% of our total cost of sales, respectively.

Construction costs. Construction costs represent costs for the design and construction of a property project, consisting primarily of fees paid to our contractors, for civil engineering construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction. Our construction costs are affected by a number of factors such as prices of construction materials, locations and types of properties, choices of materials and investments in ancillary facilities. Substantially all of the costs of construction materials, whether procured by ourselves or by our contractors, are accounted for as part of the contractor fees upon settlement with the relevant contractors. Our construction costs increased over the Track Record Period due to increased cost recognition, associated with the increased volume of properties sold and delivered as we commenced the operation of the footwear and leather mall and the small household items mall in 2009, and the hotel products and supplies mall and the cotton knitwear mall in 2010.

Land acquisition costs. Land acquisition costs represent costs relating to acquisition of the rights to occupy, use and develop land, including land premiums, demolition and resettlement costs, and other land-related taxes and government surcharges. The land acquisition costs are recognized as part of cost of sales upon completion and delivery of the relevant properties.

Capitalized borrowing costs. Our borrowing costs are capitalized to the extent that such costs are directly attributable to the acquisition or construction of a project. Such capitalized borrowing costs are included as part of the cost of sales for the relevant property when we recognize the property sales.

Cost of Property Management Services

Our cost of property management services primarily included costs associated with the property management services provided for the No.1 Enterprise Community Project and the North Hankou Project, including, but not limited to, security, cleaning and maintenance services. For the years ended December 31, 2008, 2009 and 2010, cost of property management services accounted for 0.3%, 0.3% and 0.1% of our total cost of sales, respectively.

Cost of Advertising Income

We incurred costs of advertising income of Rmb 8 million during the Track Record Period, all during the year ended December 31, 2010. They primarily consisted of employees' salaries, cost of printing and amounts payable to third parties for advertisements published in the course of providing promotional and marketing, planning and designing services to Wuhan Big World Investment, Wuhan Zhongbang Network and Zall Biotech Construction.

Gross Profit

The following table sets forth the gross profit and gross profit margin of our North Hankou Project and No.1 Enterprise Community during the Track Record Period:

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands, except percentages)		
North Hankou Project			
Turnover	—	438,405	607,149
Cost of properties sold	—	287,374	326,416
Gross profit	—	151,031	280,733
Gross profit margin	—	34.5%	46.2%
No.1 Enterprise Community			
Turnover	82,268	37,373	143,613
Cost of properties sold	55,901	19,957	78,114
Gross profit	26,367	17,416	65,499
Gross profit margin	32.1%	46.6%	45.6%

Our gross profit margin for North Hankou Project increased from 34.5% in 2009 to 46.2% in 2010, primarily due to an increase in the sale prices of the wholesale shopping mall units, whereas the unit costs were largely fixed in 2009 because the construction of the units sold was substantially completed. The average sale prices of the units in the wholesale shopping malls in the North Hankou Project were Rmb 4,612 per sq.m. and Rmb 5,122 per sq.m. for the years ended December 31, 2009 and 2010, respectively. Our gross profit margin for No.1 Enterprise Community increased from 32.1% in 2008 to 46.6% in 2009, primarily due to an increase in sale prices of office units, whereas the unit costs were largely fixed in the preceding years. Our gross profit margin for No.1 Enterprise Community decreased from 46.6% in 2009 to 45.6% in 2010, primarily due to a slight increase in the construction costs. The average sale prices of the office units and retail shopping units in the No.1 Enterprise Community Project were Rmb 2,197, Rmb 2,771 and Rmb 2,899 per sq.m. for the years ended December 31, 2008, 2009 and 2010, respectively.

Other Revenue

Our other revenue primarily consisted of government grants, investment income from available-for-sale unlisted equity securities and gains from sales of property, plant and equipment. In February 2010, we received a grant of Rmb 8.0 million from the local government in Wuhan as a subsidy for the promotional activities we conducted for the North Hankou Project. Gains from available-for-sale unlisted equity securities were derived from the purchase of certain unlisted equity securities, which were unrelated to us, subsequently sold at a profit. You should refer to "Liquidity and Capital Resources — Investing Activities" for further details on our investments in available-for-sale unlisted equity securities during the Track Record Period. Gains from sales of property, plant and equipment were derived from the sales of an office building to Ms. Chen Lifen, one of the Controlling Equity Owners. For further details, please refer to note 33(ii)(b) of Appendix I.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised advertising and promotional expenses, and staff cost. Advertising and promotional expenses consisted primarily of fees associated with advertisements placed in various media outlets and expenses incurred in conducting marketing and other promotional activities for our business and projects. Staff cost consisted primarily of salaries, employee benefit expenses and office expenses for sales and marketing personnel. Other expenses primarily included expenses incurred for the decoration of facilities used for sales and marketing.

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

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Staff cost	2,051	3,162	4,850
Advertising and promotional expenses	27,244	22,686	14,714
Others	9,571	13,983	5,510
Total	38,866	39,831	25,074

Our selling and distribution expenses are based on the launch and commencement of operations of our projects and the timing of the sales of our properties, and hence experienced significant fluctuation during the Track Record Period. For the years ended December 31, 2008, 2009 and 2010, selling and distribution expenses were Rmb 38.9 million, Rmb 39.8 million and Rmb 25.1 million, respectively. We incurred significant advertising and promotional expenses in 2008 and 2009 as we conducted intensive advertising and promotional campaigns for our North Hankou Project, primarily in connection with the launch of our footwear and leather mall and small household items mall in 2008 and 2009. Our selling and distribution expenses decreased in 2010 primarily because we spent less on advertising and promotional activities as our North Hankou Project had gained significant publicity after our advertising and promotional campaigns in the previous years.

Administrative Expenses

Administrative expenses primarily comprised staff-related cost, office expenses, meeting and entertaining expenses, and travel and transportation expenses. Staff-related cost consisted primarily of salaries and employee benefit expenses for our management, administrative, finance and accounting staff. Meeting and entertainment expenses were those incurred for attending business meetings and conferences by our management and other personnel as well as business development. Travel and transportation expenses consisted primarily of expenses incurred for local and overseas business trips. Office expenses were incurred for office maintenance and functions in connection with our general operations. Depreciation and amortization related primarily to facilities used for our general operations. Other expenses included primarily land use taxes and valuation fees paid to third-party professional valuers for the valuation of certain of our assets mainly in connection with pledging such assets for bank borrowings.

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	For the years ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Staff-related cost	3,047	5,720	9,482
Meeting and entertainment expenses	1,129	3,153	4,086
Travel and transportation expenses	921	1,641	2,703
Office expenses	2,980	3,803	3,841
Depreciation and amortization	940	1,123	2,576
Equity settled share based payment	—	—	8,693
Legal and professional fees	—	—	1,996
Other indirect taxes	211	735	2,178
Others	547	1,059	3,932
Total	9,775	17,234	39,487

Our administrative expenses increased during the Track Record Period in line with the expansion of our business operations. For the years ended December 31, 2008, 2009 and 2010, administrative expenses as a percentage of sales were approximately 11.8%, 3.6%, and 5.1% respectively. The slight increase in 2010 was mainly attributable to the equity settled share based payment, which accounted for 1.1% of the 2010 sales.

Other Expenses

Other expenses comprised primarily charitable donations in 2008 and 2010.

Increase in Fair Value of Investment Properties

We hold a portion of properties developed for rental income and/or capital appreciation purposes. Our investment properties are revalued at the end of relevant periods on an open market value or existing use basis by an independent property valuer. Any appreciation or depreciation in our investment property value is recognized as fair value gains or losses in our consolidated income statements. For the years ended December 31, 2008, 2009 and 2010, we recorded increases in fair value of investment properties of Rmb 370.7 million, Rmb 782.4 million and Rmb 626.6 million, respectively. The significant increase in fair value of our investment properties during the Track Record Period reflected a rise in the property prices in China over the same period. The increase in fair value of our investment properties contributed significantly to our profit for the years ended December 31, 2008, 2009 and 2010. You should refer to "— Key Factors Affecting Our Results of Operations — Fair Value of Investment Properties" in this prospectus for more details.

Share of Profit Less Losses of a Jointly Controlled Entity

Share of profit less losses of a jointly controlled entity consisted primarily of losses from Wuhan Big World Investment. We acquired a 50% equity interest in Wuhan Big World Investment in 2009 and thus reflected our proportional share of losses of this entity for the years ended December 31, 2009 and 2010.

Net Finance Costs

Finance costs comprised primarily interest on bank loans and other borrowing costs less amounts capitalized. The following table sets forth a breakdown of our finance costs for the periods indicated.

	For the years ended December 31,		
	2008 **Rmb'000**	**2009** **Rmb'000**	**2010** **Rmb'000**
Interest on bank loans	7,338	16,912	14,877
Interest on loans from related parties	—	309	—
Other borrowing costs	—	1,436	2,970
Less: amount capitalized into properties under development(1)	(4,757)	(14,242)	(17,847)
	2,581	4,415	—
Bank charges and others	1,200	1,173	925
Interest income	(235)	(1,181)	(626)
	3,546	4,407	299

(1) The borrowing costs have been capitalized at rates ranging from 5.95% to 7.94% in 2008, 5.67% to 7.94% in 2009 and 5.60% to 7.02% in 2010.

For the years ended December 31, 2008, 2009 and 2010, we incurred and charged to the income statement net finance costs of Rmb 3.5 million, Rmb 4.4 million and Rmb 0.3 million, respectively. Our interest on bank loans, before being capitalized into properties under development, amounted to Rmb 7.3 million, Rmb 16.9 million and Rmb 14.9 million, respectively, for the same periods. Interest rates on our bank borrowings, all of which were granted by PRC commercial banks and denominated in renminbi, are typically linked to PBOC rates. Our bank loans bore interest at rates ranging from 5.95% to 7.94% per annum in 2008, from 5.67% to 7.94% per annum in 2009, and from 5.60% to 7.02% per annum in 2010 according to the respective loan agreements. We capitalize certain of our interest expenses based on the purposes for which the underlying borrowings are used. Under IFRSs, we are permitted to capitalize interest expenses related to debt incurred for construction costs, which are directly attributable to the acquisition, construction or production of qualifying assets, and such capitalization is required to cease when the assets are substantially ready for their intended use or sale. Since the construction period for a project does not necessarily coincide with the interest payment periods of the relevant loan, not all of the interest costs related to a project can be capitalized. As a result, our finance costs fluctuate from period to period depending on the level of interest costs that are capitalized within the reporting periods.

Income Tax

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax includes PRC enterprise income tax and LAT payable by our PRC subsidiaries. The following table sets forth the components of income taxes for the periods indicated.

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Current tax			
PRC corporate income tax	270	24,860	57,056
PRC LAT	2,620	15,154	27,316
	2,890	40,014	84,372
Deferred taxation	86,782	194,906	204,015
	89,672	234,920	288,387

Pursuant to the PRC enterprise income tax law, our PRC income tax rate for our PRC subsidiaries is 25% effective from January 1, 2008. We did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profits tax during the Track Record Period. Currently, we are not subject to any Cayman Islands income tax pursuant to an undertaking obtained from the Governor-in-Cabinet. You should refer to "Appendix VI — Summary of the Constitution of the Company and Cayman Companies Law — Cayman Companies Law — (j) Taxation" in this prospectus for more details.

In general, PRC LAT is levied on properties developed by property developers in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under applicable PRC regulations is calculated based on the proceeds from sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. However, some of our PRC subsidiaries were subject to LAT calculated based on 3% to 7% of their revenue in accordance with the authorized tax valuation method approved by the Local Taxation Bureau of Huangpi District of Wuhan in a Notice of Settlement of Land Value-added Tax (土地增值稅清算項目核定徵收通知書) issued on October 15, 2010. For the years ended December 31, 2008, 2009 and 2010, we made LAT provisions of Rmb 2.6 million, Rmb 15.2 million and Rmb 27.3 million, respectively. Our PRC legal advisers, King & Wood, are of the opinion that the authorized tax valuation method is one of the allowable taxation methods in China and the Local Taxation Bureau of Huangpi District of Wuhan is the competent tax authority to approve such authorized tax valuation method, and will not be challenged by the State Tax Bureau or any tax bureau of higher authority. The Reporting Accountants have carried out appropriate audit procedures in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and as they considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting

Accountant" (Statement 3.340). Accordingly, the Reporting Accountants have performed procedures to obtain audit evidence about the amounts and disclosures in the Accountants' Report (including, but not limited to, the LAT liability recognized on the statements of financial position) to provide a basis for their opinion on the financial information of the Group taken as a whole.

For the years ended December 31, 2008, 2009 and 2010, our income tax included deferred tax liabilities of Rmb 86.8 million, Rmb 194.9 million and Rmb 204.0 million, respectively. Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized for deductible temporary differences, carried-forward unused tax credits and unused tax losses. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled. During the Track Record Period, our deferred tax liabilities included primarily deferred tax charges arising from fair-value adjustments for investment properties. For the years ended December 31, 2008, 2009 and 2010, deferred tax arising from fair-value adjustments for investment properties was Rmb 92.7 million, Rmb 195.6 million and Rmb 156.6 million, respectively. You should refer to "— Critical Accounting Policies — Recognition of deferred tax assets" in this prospectus for more details.

As a result of the foregoing, our effective tax rate, representing income tax charge divided by profit before taxation, was 26.0%, 26.4% and 31.3% for the years ended December 31, 2008, 2009 and 2010, respectively. The increase in the effective tax rate in 2010 was primarily due to the increased LAT, which in turn was mainly a result of increased revenue (as the LAT, pursuant to the authorized tax valuation method approved by relevant tax authorities, is calculated based on revenue) and the higher LAT rate levied on our properties by the relevant local tax authorities, while the income tax rate applicable to our PRC subsidiaries remained at 25.0%.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Turnover

Our turnover increased by Rmb 293.1 million, or 61.5%, to Rmb 769.7 million for the year ended December 31, 2010 from Rmb 476.6 million for the year ended December 31, 2009. The major contributor to our turnover in these two years was sale of properties. Major properties sold included office properties in No.1 Enterprise Community in 2009 and 2010, wholesale shopping mall units in the footwear and leather products mall and the small household items mall in the North Hankou Project in 2009, and wholesale shopping mall units in the hotel products and supplies mall and the cotton knitwear mall in the North Hankou Project in 2010. Rental income in 2010 was primarily derived from wholesale shopping mall units in the footwear and leather products mall and the small household items mall in our North Hankou Project. Advertising income in 2010 related to advertising services provided to Wuhan Big World Investment, Wuhan Zhongbang Network and Zall Biotech Construction. Other ancillary services income in 2010 was related to our provision of property management services such as maintenance and repair services to our customers in the footwear and leather products mall and the small household items mall in our North Hankou Project and No.1 Enterprise Community.

Sale of Properties

Our turnover generated from sales of properties increased by Rmb 275.0 million, or 57.8%, to Rmb 750.8 million for the year ended December 31, 2010 from Rmb 475.8 million for the year ended December 31, 2009, primarily due to recognition of turnover from the sale of wholesale shopping mall units in the hotel products and supplies mall and the cotton knitwear mall in our North Hankou Project in 2010.

GFA sold increased by 59,536 sq.m., or 54.8%, from 108,549 sq.m. for the year ended December 31, 2009 to 168,085 sq.m. for the year ended December 31, 2010. The increase in GFA sold was primarily due to the sale of 93,649 sq.m. of GFA of wholesale shopping mall units in the hotel products and supplies mall and the cotton knitwear mall in our North Hankou Project in 2010.

The average sale price, net of business tax, of office properties in the No.1 Enterprise Community per sq.m. of GFA was stable for the years ended December 31, 2009 and 2010, being Rmb 2,770.8 per sq.m. and Rmb 2,770.9 per sq.m., respectively. The average sale price, net of business tax, of wholesale shopping mall units in our North Hankou Project increased by Rmb 509.8, or 11.1%, from Rmb 4,611.8 per sq.m. for the year ended December 31, 2009 to Rmb 5,121.6 per sq.m. for the year ended December 31, 2010.

Property Management Services

Our turnover generated from property management services decreased by Rmb 0.1 million from Rmb 0.8 million for the year ended December 31, 2009 to Rmb 0.7 million for the year ended December 31, 2010. Our property management services were primarily related to the No.1 Enterprise Community Project.

Rental Income

Our turnover generated from rental income increased by Rmb 4.0 million to Rmb 4.1 million for the year ended December 31, 2010 from Rmb 57,000 for the year ended December 31, 2009, primarily due to an increasing number of wholesale shopping mall units in the North Hankou Project being completed and available for leasing in 2010.

Cost of sales

Our cost of sales increased by Rmb 105.2 million, or 34.2%, to Rmb 413.2 million for the year ended December 31, 2010 from Rmb 308.0 million for the year ended December 31, 2009, generally in line with an increase in turnover over the same period.

Cost of Properties Sold

Cost of properties sold increased by Rmb 97.2 million, or 31.6%, to Rmb 404.5 million for the year ended December 31, 2010 from Rmb 307.3 million for the year ended December 31, 2009. The increase in cost of properties sold was primarily due to the increase in GFA of properties sold that were recognized during the year.

Cost of Property Management Services

Cost of property management services decreased by Rmb 0.3 million to Rmb 0.4 million for the year ended December 31, 2010 from Rmb 0.7 million for the year ended December 31,

2009. The decrease was primarily due to a decrease in the provision of property management services in 2010 for No.1 Enterprise Community.

Gross profit

As a result of the foregoing, gross profit increased by Rmb 187.9 million, or 111.4%, to Rmb 356.5 million for the year ended December 31, 2010 from Rmb 168.6 million for the year ended December 31, 2009. Our gross profit margin increased to 46.3% for the year ended December 31, 2010 from 35.4% for the year ended December 31, 2009, primarily as result of the relatively higher gross profit margin of the wholesale shopping mall units in the North Hankou Project mainly due to the higher sale prices obtained.

Other revenue

Our other revenue increased by Rmb 7.1 million to Rmb 8.5 million in the year ended December 31, 2010 from Rmb 1.4 million for the year ended December 31, 2009. Our other revenue for the year ended December 31, 2010 primarily consisted of a government grant of Rmb 8.0 million as a subsidy for certain project promotion activities during the year.

Selling and distribution expenses

Our selling and distribution expenses decreased by Rmb 14.7 million, or 36.9%, to Rmb 25.1 million for the year ended December 31, 2010 from Rmb 39.8 million for the year ended December 31, 2009. We spent less on advertising and promotional activities as our North Hankou Project had gained significant publicity after our advertising and promotional campaigns in previous years.

Administrative expenses

Our administrative expenses increased by Rmb 22.3 million, or 129.7%, to Rmb 39.5 million for the year ended December 31, 2010 from Rmb 17.2 million for the year ended December 31, 2009, which was in line with the expansion of our business operations. As our business expanded, we increased our employee head-count and engaged in more business development activities. We also incurred equity settled share based payments and legal and professional fees in 2010.

Other expenses

Our other expenses increased by Rmb 365,000 to Rmb 367,000 for the year ended December 31, 2010 from Rmb 2,000 for the year ended December 31, 2009. The increase was due to charitable donations made in 2010.

Increase in fair value of investment properties

Fair value gains on our investment properties decreased by Rmb 155.8 million, or 19.9%, to Rmb 626.6 million for the year ended December 31, 2010 from Rmb 782.4 million for the year ended December 31, 2009.

Share of profit less losses of a jointly controlled entity

Share of loss of a joint controlled entity increased by Rmb 4.1 million to Rmb 4.8 million for the year ended December 31, 2010 from Rmb 0.7 million for the year ended December 31, 2009, both related to Wuhan Big World Investment, our 50%-owned joint controlled entity, whose Auto World project, our auto parts and accessories mall, was still at an early development stage.

Net finance costs

Our net finance costs decreased by Rmb 4.1 million, or 93.2%, to Rmb 0.3 million for the year ended December 31, 2010 from Rmb 4.4 million for the year ended December 31, 2009. The decrease was primarily due to (i) a decrease in interest on our bank loans of Rmb 2 million, (ii) an increase in amount capitalized into properties under development and investment properties of Rmb 3.6 million, and (iii) a decrease in bank charges and others of Rmb 0.3 million, which was partially offset by (i) an increase in other borrowing costs of Rmb 1.5 million and (ii) a decrease in interest income of Rmb 0.6 million.

Income tax

Our income tax expenses increased by Rmb 53.5 million, or 22.8%, to Rmb 288.4 million for the year ended December 31, 2010 from Rmb 234.9 million for the year ended December 31, 2009. The increase in income tax was primarily due to (i) an increase in pre-tax profit in line with the growth in profit from our operations and (ii) an increase in deferred tax change of Rmb 9.1 million.

Profit for the year

As a result of the foregoing, our profit for the year decreased by Rmb 22.0 million, or 3.4%, to Rmb 633.2 million for the year ended December 31, 2010 from Rmb 655.2 million for the year ended December 31, 2009. The decrease was mainly due to the relatively smaller increase in fair value of investment properties, as well as an increase in income tax due to the significant previous increase in the Company's operating profits.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Turnover

Our turnover increased by Rmb 393.6 million, or 474.0%, to Rmb 476.6 million for the year ended December 31, 2009 from Rmb 83.0 million for the year ended December 31, 2008. The major contributor to our turnover in these two years was sales of properties. Major properties sold included office properties in the No.1 Enterprise Community Project in 2008 and 2009 and wholesale shopping mall units in the footwear and leather products mall and the small household items mall in our North Hankou Project in 2009.

Sale of Properties

Our turnover generated from sales of properties increased by Rmb 393.5 million, or 478.3%, to Rmb 475.8 million for the year ended December 31, 2009 from Rmb 82.3 million for the year ended December 31, 2008, primarily due to recognition of turnover from the sale of wholesale shopping mall units in the footwear and leather products mall and the small household items mall in our North Hankou Project in 2009.

GFA sold increased by 71,101 sq.m., or 189.9%, to 108,549 sq.m. for the year ended December 31, 2009 from 37,448 sq.m. for the year ended December 31, 2008. The increase in GFA sold was primarily due to the sale of 95,061 sq.m. of GFA of wholesale shopping mall units in the footwear and leather products mall and the small household items mall in our North Hankou Project in 2009.

The average sale price, net of business tax, of office properties in the No.1 Enterprise Community per sq.m. of GFA increased by Rmb 573.9, or 26.1%, to Rmb 2,770.8 per sq.m. for the year ended December 31, 2009 from Rmb 2,196.9 per sq.m. for the year ended December 31, 2008. The average sale price, net of business tax, of wholesale shopping mall units in our North Hankou Project in respect of the footwear and leather mall and the small household items mall reached Rmb 4,717.5 per sq.m. and Rmb 4,390.4 per sq.m. respectively in 2009.

Property Management Services

Our turnover generated from property management services remained stable at Rmb 0.8 million, for the years ended December 31, 2008 and 2009. Our property management services were primarily related to the No.1 Enterprise Community Project.

Rental Income

Our turnover generated from rental income increased by Rmb 55,000 to Rmb 57,000 for the year ended December 31, 2009 from Rmb 2,000 for the year ended December 31, 2008, as we started to retain and lease out certain units in the North Hankou Project as well as the No.1 Enterprise Community Project in 2009.

Cost of sales

Our cost of sales increased by Rmb 251.9 million, or 449.4%, to Rmb 308.0 million for the year ended December 31, 2009 from Rmb 56.1 million for the year ended December 31, 2008, generally in line with an increase in turnover over the same period.

Cost of Properties Sold

Cost of properties sold increased by Rmb 251.4 million, or 449.8%, to Rmb 307.3 million for the year ended December 31, 2009 from Rmb 55.9 million for the year ended December 31, 2008. The increase in cost of properties sold was primarily due to (i) the higher per unit costs for the footwear and leather products mall and the small household items mall in our North Hankou Project, which are well-equipped with escalators, air-conditioning and other amenities, as compared to office properties in the No.1 Enterprise Community Project sold in 2008 and (ii) the increase in GFA of properties sold.

Cost of Property Management Services

Cost of property management services increased by Rmb 0.5 million to Rmb 0.7 million for the year ended December 31, 2009 from Rmb 0.2 million for the year ended December 31, 2008. The increase was primarily due to an increase in the provision of property management services in 2009.

Gross profit

As a result of the foregoing, gross profit increased by Rmb 141.6 million, or 525.1%, to Rmb 168.6 million for the year ended December 31, 2009 from Rmb 27.0 million for the year ended December 31, 2008. Our gross profit margin increased to 35.4% for the year ended

December 31, 2009 from 32.5% for the year ended December 31, 2008 primarily as a result of the relatively higher gross profit margin of the wholesale shopping mall units of the North Hankou Project, mainly due to higher sale prices obtained.

Other revenue

Our other revenue increased by Rmb 1.2 million to Rmb 1.4 million in the year ended December 31, 2009 from Rmb 0.2 million for the year ended December 31, 2008. Our other revenue for the year ended December 31, 2008 represented a gain of Rmb 0.2 million in investment income from certain available-for-sale unlisted equity securities. Our other revenue for the year ended December 31, 2009 primarily consisted of a gain of Rmb 1.3 million in investment income from certain available-for-sale unlisted equity securities.

Selling and distribution expenses

Our selling and distribution expenses increased by Rmb 1.0 million, or 2.5%, to Rmb 39.8 million for the year ended December 31, 2009 from Rmb 38.9 million for the year ended December 31, 2008, primarily due to an increase in other selling and distribution expenses as a result of the increase in traveling and other miscellaneous marketing expenses, which was partially offset by a decrease in advertising and promotional expenses.

Administrative expenses

Our administrative expenses increased by Rmb 7.5 million, or 76.3%, to Rmb 17.2 million for the year ended December 31, 2009 from Rmb 9.8 million for the year ended December 31, 2008 in line with the expansion of our business operations. As our business expanded, we increased our employee head-count and engaged in more business development activities.

Other expenses

Our other expenses decreased by Rmb 1.1 million to Rmb 2,000 for the year ended December 31, 2009 from Rmb 1.1 million for the year ended December 31, 2008. The decrease was due to the fact that we made substantial charitable donations in 2008 to victims of a major earthquake in Sichuan.

Increase in fair value of investment properties

Fair value gains on our investment properties increased by Rmb 411.7 million, or 111.1%, to Rmb 782.4 million for the year ended December 31, 2009 from Rmb 370.7 million for the year ended December 31, 2008. The increase was primarily due to (i) a rise in property prices in China, resulting in higher valuation for our investment properties and (ii) the addition of certain properties in the North Hankou Project as our investment properties.

Share of profit less losses of a jointly controlled entity

Share of loss of a jointly controlled entity of Rmb 0.7 million for the year ended December 31, 2009 was related to Wuhan Big World Investment, a 50%-owned joint controlled entity of our Company, whose Auto World project, our auto parts and accessories mall, was still at an early development stage. We did not have any such share of results for the year ended December 31, 2008 as we acquired the 50% equity interest of Wuhan Big World Investment in 2009.

Net finance costs

Our net finance costs increased by Rmb 0.9 million, or 24.3%, to Rmb 4.4 million for the year ended December 31, 2009 from Rmb 3.5 million for the year ended December 31, 2008 primarily due to an increase in interest on bank loans as we increased bank borrowings to fund our property developments and operations.

Income tax

Our income tax expenses increased by Rmb 145.2 million, or 161.9% to Rmb 234.9 million for the year ended December 31, 2009 from Rmb 89.7 million for the year ended December 31, 2008. The increase in income tax was primarily due to (i) the recognition of deferred tax liabilities of Rmb 194.9 million in 2009 arising from the fair value gain of our investment properties while deferred tax liabilities recognized in 2008 were Rmb 86.8 million and (ii) an increase in pre-tax profit mainly as a result of the growth in profit from operations.

Profit for the year

As a result of the foregoing, our profit for the year increased by Rmb 400.4 million, or 157.1%, to Rmb 655.2 million for the year ended December 31, 2009 from Rmb 254.8 million for the year ended December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to pay for construction costs, land costs (principally the payment of land premiums), infrastructure costs, finance costs, as well as to service our indebtedness, and to fund working capital and normal recurring expenses. To date, we have primarily financed our expenditures through internally generated cash flows, proceeds from pre-sale and sale of properties and borrowings from commercial banks. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of sources including proceeds from the Global Offering, project construction loans and mortgage loans, cash provided by operating activities, including the sale and leasing of properties, and potentially additional offerings of equity securities or other capital market instruments.

Proceeds of sales deposits that we receive from purchasers of our wholesale shopping mall units and other properties are an important source of cash inflow to us. Upon receipt of such proceeds, they are initially recorded as receipts in advance until recognized as turnover when the construction of the relevant properties is completed and such properties are delivered to purchasers and a majority of the sale proceeds is paid to us by the purchasers. As of December 31, 2008, 2009 and 2010, receipts in advance amounted to Rmb 325.1 million, Rmb 614.0 million and Rmb 1,344.1 million, respectively. For further information, you should refer to "— Discussion of Certain Statement of Financial Position Items — Trade and Other Payables."

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Net cash (used in)/generated from operating activities	(100,660)	(16,714)	356,686
Net cash used in investing activities	(619)	(74,581)	(895)
Net cash generated from/(used in) financing activities	161,926	105,384	(129,675)
Net increase in cash and cash equivalents	60,647	14,089	226,116
Cash and cash equivalents at January 1	4,022	64,669	78,758
Cash and cash equivalents at December 31	64,669	78,758	304,874

Operating Activities

Our cash inflow from operating activities is generated from proceeds from sales of our properties, including proceeds from pre-sales of our properties, income from property management services we provide, rental income from our investment properties and government grants. Cash used in our operating activities reflects our investments in our property developments. Cash used in operating activities also includes payments of income taxes and interest.

For the year ended December 31, 2010, our net cash inflow from operating activities was Rmb 356.7 million. Our net cash inflow from operating activities in 2010 was primarily contributed by our profit from operations before the non-cash changes in fair value of investment properties of Rmb 300.1 million, which was positively affected by (i) an increase in trade and other payables of Rmb 790.3 million mainly in relation to an increase in the proceeds of sales deposits received from purchasers of our wholesale shopping mall units and (ii) an increase in government grants received of Rmb 560.0 million, such grants being made to subsidize our preliminary infrastructure construction costs in connection with Wuhan Salon, and was negatively affected by (i) an increase of Rmb 1,072.6 million in properties under development, completed properties held for sale, inventories and investment properties as we continued to develop the No.1 Enterprise Community Project and the North Hankou Project and (ii) an increase in trade and other receivables, prepayments of Rmb 120.6 million.

For the year ended December 31, 2009, our net cash outflow from operating activities was Rmb 16.7 million. Our net cash outflow from operating activities in 2009 was primarily contributed by our profit from operations before the non-cash changes in fair value of investment properties of Rmb 112.9 million, which was positively affected by an increase in trade and other payables of Rmb 365.4 million mainly in relation to an increase in the proceeds of sales deposits received from purchasers of our wholesale shopping mall units, but was also negatively affected by (i) an increase of Rmb 378.7 million in properties under development, completed properties held for sale, inventories and investment properties as we continued to develop the No.1 Enterprise Community Project and the North Hankou Project and (ii) an increase in trade and other receivables, prepayments of Rmb 95.8 million.

For the year ended December 31, 2008, our net cash outflow from operating activities was Rmb 100.7 million. Our net cash outflow from operating activities in 2008 was primarily contributed by our loss from operations before changes in fair value of investment properties of Rmb 22.6 million, which was positively affected by an increase in trade and other payables of Rmb 289.6 million mainly in relation to an increase in the proceeds of sales deposits received from purchasers of our wholesale shopping mall units, but was also negatively affected by (i) an increase of Rmb 297.4 million in properties under development, completed properties held for sale, inventories and investment properties as we continued to develop the No.1 Enterprise Community Project and the North Hankou Project and (ii) an increase in trade and other receivables, prepayments of Rmb 61.5 million.

Investing Activities

Our cash used in investing activities reflects cash outflow relating to capital contribution to Wuhan Big World Investment, our jointly controlled entity, payment for the acquisition of certain available-for-sale unlisted equity securities, payment for the purchase of subsidiaries, as well as the purchase of property, plant and equipment. Our cash from investing activities reflects primarily proceeds from the disposal of subsidiaries and certain available-for-sale unlisted equity securities.

The following table sets forth the breakdown of our acquisition of available-for-sale unlisted equity securities for the periods indicated.

	Year ended December 31,		
	2008	2009	2010
	Rmb'000	Rmb'000	Rmb'000
Great Wall Bonds (長城債券) (fund custodian: China Construction Bank)	4,000	—	—
Yifangda 50 Index Fund (易方達50指數) (fund custodian: Bank of Communications)	—	9,000	10,000
Yifangda Kehui Fund (易方達科滙) — (fund custodian : Bank of Communications)	—	25,000	—
Shanghai Stock Exchange 180 ETF-Linked Fund of Bank of Communications (交銀上證180 ETF聯接基金)	—	500	—
Total:	4,000	34,500	10,000

Our investments in available-for-sale unlisted equity securities were generally investments in fund and other investment products offered by PRC banks. We have maintained a conservative investment strategy and invested in those low risk securities so as to utilize our idle cash on hand efficiently. Before an investment decision is made, senior management would ensure that relevant market research was performed, including, for example, obtaining advice from investment consultants as well as gathering relevant public information. The Board and senior management would review the Group's investment portfolio on a continuous basis and make appropriate adjustments to the investment portfolio according to market conditions.

As we complete an increasing number of wholesale shopping mall units in our North Hankou Project and increase the investment in our business, we expect our investment in such available-for-sale securities to decrease. Since the beginning of 2010, we have continuously decreased such investments. Save for the investment of Rmb 500,000 in the Shanghai Stock Exchange 180 ETF-Linked Fund of Bank of Communications (交銀上證180 ETF聯接基金) as of December 31, 2010, we did not invest in or hold any other similar kind of securities from January 1, 2011 to the Latest Practicable Date. Going forward, we will continue to focus on our core business and will limit investments in bank funds and other similar available-for-sale unlisted equity securities so that such investments will not adversely affect our ability to operate our core business.

For the year ended December 31, 2010, our net cash used in investing activities was Rmb 0.9 million. Cash used in investing activities in 2010 consisted primarily of (i) payment for the acquisition of available-for-sale unlisted equity securities of Rmb 10.0 million as we invested a portion of our cash in bank funds and other investment products and (ii) payment for purchase of property, plant and equipment of Rmb 2.2 million. This was partially offset by proceeds received from the disposal of available-for-sale unlisted equity securities of Rmb 10.2 million as we disposed of investments in bank funds and other investment products.

For the year ended December 31, 2009, our net cash used in investing activities was Rmb 74.6 million. Cash used in investing activities in 2009 consisted primarily of (i) capital contribution of Rmb 50.0 million into Wuhan Big World Investment to acquire its 50% equity interests, (ii) payment for the acquisition of available-for-sale unlisted equity securities of Rmb 34.5 million as we invested a portion of our cash in bank funds and other investment products, (iii) payment for purchase of subsidiaries of Rmb 19.7 million and (iv) payment for the purchase of property, plant and equipment of Rmb 6.5 million. This was partially offset by proceeds received from disposal of available-for-sale unlisted equity securities of Rmb 35.3 million as we disposed of investments in bank funds and other investment products.

For the year ended December 31, 2008, our net cash used in investing activities was approximately Rmb 0.6 million. Cash used in investing activities in 2008 consisted primarily of (i) payment for the acquisition of available-for-sale unlisted equity securities of Rmb 4.0 million as we invested a portion of our cash in bank funds and other investment products and (ii) payment for the purchase of property, plant and equipment of Rmb 1.2 million. This was partially offset by proceeds received from disposal of available-for-sale unlisted equity securities of Rmb 4.2 million as we disposed of investments in bank funds and other investment products.

Financing Activities

Our cash from financing activities is mainly generated from bank loans and contributions by shareholders. Our cash used in financing activities consists primarily of repayment of bank loans and other borrowings, interest payments and advances from related parties.

For the year ended December 31, 2010, our net cash outflow from financing activities was Rmb 129.7 million. Cash generated from financing activities in 2010 consisted primarily of (i) proceeds from bank loans of Rmb 151.3 million, (ii) net cash inflow from disposal of subsidiaries to controlling equity owners of Rmb 64.5 million which was related to our disposal of 100% equity interests in Wuhan Zhongbang Network, Zall Jiye Investment and Zall Biotech Construction to Zall Holding in 2010, (iii) net decrease in the amount due from controlling equity owners of Rmb 21.1 million, due to repayment from controlling equity owners and (iv) a decrease in restricted cash of Rmb 18.8 million. This was partially offset by (i) deemed distribution related to our acquisition of subsidiaries from Zall Holding of Rmb 219.9 million, (ii) repayment of bank loans of Rmb 78.5 million, (iii) net increase in the amount due from Zall Holding of Rmb 51.1 million due to repayment of amount due to Zall Holding, (iv) payment of interest and other borrowing cost of Rmb 19.9 million and (v) repayment to non-controlling equity shareholders of Rmb 16.0 million.

For the year ended December 31, 2009, our net cash inflow from financing activities was Rmb 105.4 million. Cash generated from financing activities in 2009 consisted primarily of (i) proceeds from bank loans of Rmb 230.0 million, (ii) capital contributions from controlling equity owners of Rmb 111.1 million in relation to Zall Holding's capital contribution of

Rmb 59.6 million to establish North Hankou Group as a wholly owned subsidiary of our Group, its capital contribution of Rmb 50.0 million to establish and hold 50% equity interests of Zhuohua Real Estate, and its capital contribution of Rmb 1.5 million for the capital injection in Zall Property Management, (iii) net decrease in amount due from controlling equity owners of Rmb 63.1 million, and (iv) contributions from non-controlling equity shareholders of Rmb 50.5 million as Zall Holding disposed of its 10% equity interests in Wuhan Zhongbang Network to an independent third-party at Rmb 0.5 million and the payment of Rmb 50.0 million by third parties for a 50% equity interest in Zhuohua Real Estate in connection with its establishment. This was partially offset by (i) net increase in the amount due from Zall Holding of Rmb 173.4 million which was primarily advances to Zall Holding, (ii) repayment of bank loans of Rmb 92.0 million, (iii) increase in restricted cash of Rmb 30.1 million, and (iv) deemed distribution related to acquisition of subsidiaries from Zall Holding of Rmb 23.8 million which was the consideration paid to Zall Holding for the acquisition of the entire equity interests in Zall Center Investment, Wuhan Zhongbang Network and Zall Biotech Construction.

For the year ended December 31, 2008, our net cash inflow from financing activities was Rmb 161.9 million. Cash generated from financing activities in 2008 consisted primarily of (i) net decrease of the amount due from Zall Holding of Rmb 104.9 million, (ii) proceeds from bank loans of Rmb 100.0 million, (iii) capital contributions from controlling equity owners of Rmb 21.0 million as Zall Holding injected capital of Rmb 16.0 million and Rmb 5.0 million to establish Zall Investment Group and Wuhan Zhongbang Network, respectively, both being our wholly owned subsidiaries, and (iv) payment from non-controlling equity shareholders of Rmb 15.0 million in relation to the acquisition of a 50% equity interest in Wuhan Eastern Zall properties from us. This was partially offset by (i) net decrease in the amount due from controlling equity owners of Rmb 52.0 million, (ii) repayment of bank loans of Rmb 18.1 million, and (iii) interest paid of Rmb 7.3 million.

DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Investment Properties

As of December 31, 2008, 2009 and 2010, the carrying amount of investment properties was Rmb 973.5 million, Rmb 1,912.8 million and Rmb 2,205.3 million, respectively. During the Track Record Period, the carrying amount of investment properties as of the end of each relevant reporting period increased significantly, primarily due to the increased valuation of completed investment properties and investment properties under development as property prices continued to grow in China over the same period, and also because we retained an increasing number of wholesale shopping units and other properties as investment properties as we further developed the North Hankou Project and the No.1 Enterprise Community Project. For further information, you should refer to "Key Factors Affecting Our Results of Operations — Fair Value of Investment Properties".

The following table sets forth the fair value of the investment properties within the North Hankou Project during the Track Record Period:

	Completed investment properties (Rmb in thousands)				Investment properties under development (Rmb in thousands)											
	Footwear and leather products mall/Small household items mall	Hotel products and supplies mall	Cotton knitwear mall (Phase I)	Subtotal	Footwear and leather products mall/Small household items mall	Hotel products and supplies mall	Cotton knitwear mall (Phase I)	Apparel mall (Phase I)	Home textiles mall (Phase I)	Small household items mall (Phase II)	Gifts mall (Phase I)	Central warehouse (Phase I)	Hotel	Restaurant	Subtotal	Total
At December 31, 2007	—	—	—	—	114,140	84,796	6,960	294,604	—	—	—	—	—	—	500,500	500,500
Representing:															—	
Cost	—	—	—	—	16,338	3,103	107	5,742	—	—	—	—	—	—	25,290	25,290
Valuation	—	—	—	—	97,802	81,693	6,853	288,862	—	—	—	—	—	—	475,210	475,210
At January 1, 2008	—	—	—	—	114,140	84,796	6,960	294,604	—	—	—	—	—	—	500,500	500,500
Additions	—	—	—	—	46,988	14,269	361	8	—	—	—	—	—	—	61,626	61,626
Fair value adjustment	—	—	—	—	175,072	160,935	11,779	12,488	—	—	—	—	—	—	360,274	360,274
Transfer to investment properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2008	—	—	—	—	336,200	260,000	19,100	307,100	—	—	—	—	—	—	922,400	922,400
Representing:																
Cost	—	—	—	—	63,326	17,372	468	5,749	—	—	—	—	—	—	86,915	86,915
Valuation	—	—	—	—	272,874	242,628	18,632	301,351	—	—	—	—	—	—	835,485	835,485
At January 1, 2009	—	—	—	—	336,200	260,000	19,100	307,100	—	—	—	—	—	—	922,400	922,400
Additions	—	—	—	—	75,085	46,744	3,227	5,717	—	—	—	14,418	—	—	145,191	145,191
Fair value adjustment	—	—	—	—	66,215	192,856	9,873	161,983	—	—	—	344,782	—	—	775,709	775,709
Transfer to investment properties	477,500	—	—	477,500	(477,500)	—	—	—	—	—	—	—	—	—	(477,500)	—
At December 31, 2009	477,500	—	—	477,500	—	499,600	32,200	474,800	—	—	—	359,200	—	—	1,365,800	1,843,300
Representing:																
Cost	138,411	—	—	138,411	—	64,116	3,696	11,467	—	—	—	14,418	—	—	93,697	232,108
Valuation	339,089	—	—	339,089	—	435,484	28,504	463,333	—	—	—	344,782	—	—	1,272,103	1,611,192
At January 1, 2010	477,500	—	—	477,500	—	499,600	32,200	474,800	—	—	—	359,200	—	—	1,365,800	1,843,300
Additions	—	—	—	—	—	27,663	3,918	93,371	2,551	2,535	4,022	11,110	2,325	1,145	148,640	148,640
Fair value adjustment	41,432	—	—	41,432	—	7,223	(1,356)	181,629	69,449	66,865	109,378	23,990	87,575	26,055	570,808	612,240
Transfer to investment properties	—	534,486	34,762	569,248	—	(534,486)	(34,762)	—	—	—	—	—	—	—	(569,248)	—
Transfer to assets held for sale	(88,932)	(22,686)	(4,762)	(116,380)	—	—	—	(379,200)	—	—	—	—	—	—	(379,200)	(495,580)
At December 31, 2010	430,000	511,800	30,000	971,800	—	—	—	370,600	72,000	69,400	113,400	394,300	89,900	27,200	1,136,800	2,108,600
Representing:																
Cost	116,689	87,586	6,588	210,863	—	—	—	54,239	2,551	2,535	4,022	25,528	2,325	1,145	92,345	303,208
Valuation	313,311	424,214	23,412	760,937	—	—	—	316,361	69,449	66,865	109,378	368,772	87,575	26,055	1,044,455	1,805,392

The following table sets forth the fair value of the investment properties within No.1 Enterprise Community during the Track Record Period:

	Completed investment properties	Investment properties under development	
	(Rmb in thousands)	(Rmb in thousands)	
	Phase I (low-rise office building)	Phase I (low-rise office building)	No.1 high-rise office towers
At December 31, 2007	15,300	9,000	10,600
Representing:			
Cost	6,055	407	2,050
Valuation	9,245	8,593	8,550
At January 1, 2008	15,300	9,000	10,600
Additions	—	2,464	3,335
Fair value adjustment	600	4,736	5,065
Transfer to investment properties	—	—	—
At December 31, 2008	15,900	16,200	19,000
Representing:			
Cost	6,055	2,872	5,385
Valuation	9,845	13,328	13,615
At January 1, 2009	15,900	16,200	19,000
Additions	—	608	11,135
Fair value adjustment	—	3,792	2,865
Transfer to investment properties	20,600	(20,600)	—
At December 31, 2009	36,500	—	33,000
Representing:			
Cost	9,535	—	16,520
Valuation	26,965	—	16,480
At January 1, 2010	36,500	—	33,000
Additions	—	—	12,827
Transfer to investment properties	—	—	—
Fair value adjustment	4,150	—	10,173
At December 31, 2010	40,650	—	56,000
Representing:			
Cost	9,535	—	29,347
Valuation	31,115	—	26,653

An increase or decrease of 5%, 10%, 15% and 20% in fair value of investment properties during the six months immediately following December 31, 2010 would result in a corresponding increase or decrease of approximately Rmb 82.7 million, Rmb 165.4 million, Rmb 248.1 million and Rmb 330.8 million, respectively, in our consolidated profit after tax for the six months ending June 30, 2011 attributable to our shareholders.

Property under Development

Our property under development comprises properties under development for sale that are expected to be recovered within one year, properties under development for sale that are expected to be recovered after more than one year, and properties planned for future development for sale. The following table sets forth certain data with respect to our property under development as of the dates indicated.

	As of December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Expected to be recovered within one year			
Properties under development for sale	269,367	315,672	515,381
Expected to be recovered after more than one year			
Properties planned for future development for sale	72,108	183,507	889,905
Properties under development for sale	75,111	59,569	152,344
Subtotal	147,219	243,076	1,042,249
Total	416,586	558,748	1,557,630

As of December 31, 2008, 2009 and 2010, the carrying amount of properties under development was Rmb 416.6 million, Rmb 558.7 million and Rmb 1,557.6 million, respectively. The carrying amount of properties under development increased by Rmb 998.9 million, or 178.8%, to Rmb 1,557.6 million as of December 31, 2010 from Rmb 558.7 million as of December 31, 2009, primarily due to the continued development of the North Hankou Project and the No.1 Enterprise Community Project. The carrying amount of property under development increased by Rmb 142.1 million, or 34.1%, to Rmb 558.7 million as of December 31, 2009 from Rmb 416.6 million as of December 31, 2008, primarily due to the continued development of the North Hankou Project and the No.1 Enterprise Community Project.

Completed Properties Held for Sale

As of December 31, 2008, 2009 and 2010, the carrying amount of completed properties held for sale was Rmb 98.5 million, Rmb 253.7 million and Rmb 119.1 million, respectively. During the Track Record Period, completed properties held for sale consisted primarily of office units and retail shopping units in the No.1 Enterprise Community Project and wholesale shopping mall units of the footwear and leather products mall, the small household products mall, the hotel products and supplies mall and the cotton knitwear products mall in the North Hankou Project. As we further developed our North Hankou Project and completed an increasing number of wholesale shopping units, the carrying amount of completed properties held for sale as of December 31, 2009 and 2010 increased as compared to December 31, 2008.

Trade and Other Receivables, Prepayments

Our trade and other receivables comprise amounts due from third parties, including trade receivables and deposits, prepayments and other receivables, and amounts due from related parties, including those from controlling equity owners, Zall Holding and other related parties. The following table sets forth certain data with respect to our trade and other receivables as of the dates indicated.

	As of December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Amounts due from third parties			
— Trade receivables	158	22,963	72,337
— Prepaid business tax and other tax	665	14,573	57,404
— Deposits, prepayments and other receivables	86,786	189,321	132,015
Amounts due from related parties			
— Amounts due from Controlling Equity Owners	97,016	30,957	932
— Amounts due from other Directors	356	356	22,109
— Amounts due from Zall Holding	29,073	195,498	5,025
Total	214,054	453,668	289,822

We had trade receivables due from third parties of Rmb 0.2 million, Rmb 23.0 million and Rmb 72.3 million as of December 31, 2008, 2009 and 2010, respectively. The corresponding trade receivable turnover days were 1 day, 9 days and 23 days for the years ended December 31, 2008, 2009 and 2010, respectively. Turnover days of trade receivables are derived by dividing the average of the beginning and the closing balances of trade receivables for the relevant period by turnover for the period and multiplying by 365.25 days.

Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are settled by full payment or paid by installments in accordance with the terms of the corresponding sale and purchase agreements. If full payment is made, settlement is normally required within seven days after signing the sales contract. If payments are made in installments, 50% of the purchase price is typically required to be paid by the purchaser to us upon signing of the sale and purchase agreement, while the remaining amount is required to be paid within three months after the closing of the mortgage loan agreement relating to the subject properties. The title of a property is typically transferred to the purchaser only upon the full payment of the purchase price by the purchaser. The increases of trade receivables as of December 31, 2010 and 2009 as compared to December 31, 2009 and 2008, respectively, were primarily due to the increased number of wholesale shopping mall units sold in the years ended December 31, 2009 and 2010, respectively. We sold 1,719 and 2,232 wholesale shopping mall units in the years ended December 31, 2009 and 2010, respectively.

We had prepaid business tax and other tax of Rmb 0.7 million, Rmb 14.6 million, Rmb 57.4 million as of December 31, 2008, 2009 and 2010, respectively. Prepaid business tax and other tax are primarily related to business tax and other tax prepaid on the pre-sale of our properties. The increases of prepaid business tax and other tax as of December 31, 2010 and 2009 as compared to December 31, 2009 and 2008, respectively, were primarily due to the increased number of wholesale shopping mall units sold in the years ended December 31, 2009 and 2010, respectively.

We had deposits, prepayments and other receivables of Rmb 86.8 million, Rmb 189.3 million and Rmb 132.0 million as of December 31, 2008, 2009 and 2010, respectively. Deposits, prepayments and other receivables are primarily related to land acquisition prices prepaid to the relevant local land authorities and prepaid business and other surcharges. Deposits, prepayments and other receivables as of December 31, 2009 increased significantly as compared to December 31, 2008 primarily due to increases in prepaid land acquisition prices and business taxes. Deposits, prepayments and other receivables as of December 31, 2010 decreased as compared to December 31, 2009 primarily due to decreases in prepayments and other receivables from third party companies.

Amounts due from controlling equity owners and Directors are primarily advances we made to Mr. Yan. The decreases of amounts due from controlling equity owners and Directors as of December 31, 2010 and 2009 as compared to December 31, 2008 and 2009, respectively, were due to repayment from Mr. Yan in the years ended December, 2009 and 2010, respectively.

Amounts due from other directors are primarily receipts on behalf of the Group. The increase of amounts due from other directors as of December 31, 2010 as compared to December 31, 2009 was primarily due to an increase in amounts received by other directors on behalf of the Group. The amounts were fully settled as of April 30, 2011.

Amounts due from Zall Holding are related to advances we made to Zall Holding. Amounts due from Zall Holding as of December 31, 2009 increased significantly as compared to December 31, 2008 primarily due to increased advances from us to Zall Holding. A dividend of Rmb 145.0 million was declared and set off with the amount due from Zall Holding in 2010, as a result of which the amounts due from Zall Holding as of December 31, 2010 decreased significantly as compared to December 31, 2009.

Amounts due from related parties as set forth in the table above are unsecured, interest free and have no fixed terms of repayment. Such amounts will be settled prior to the Listing.

The following table sets forth the details of those trade and other receivables and prepayments as of December 31, 2010 set out above which had been subsequently settled as of May 31, 2011:

	Amount settled as of May 31, 2011	Percentage settled as of May 31, 2011
	(Rmb in thousands)	(%)
Amounts due from third parties		
— Trade receivables	19,479	26.9%
— Prepaid business tax and other tax	24,182	42.1%
— Deposits, prepayments and other receivables	63,619	48.2%
Subtotal	107,280	41.0%
Amounts due from related parties		
— Amounts due from the Controlling Equity Owners	900	96.6%
— Amounts due from other Directors	22,091	99.9%
— Amounts due from Zall Holding	5,025	100.0%
Subtotal	28,016	99.8%
Total	135,296	46.7%

The unsettled balance of trade receivables of Rmb 50.3 million is primarily property purchasers' mortgage proceeds which had not been received from the banks. As of March 31, 2011, the property purchasers and the Company had submitted all documents in respect of the mortgage applications to the banks, and the relevant mortgage proceeds were expected to be received upon the completion of the internal procedure of the banks. The unsettled balance of prepaid business tax and other tax of Rmb 33.2 million was primarily prepaid business tax and other tax related to those properties which had not been delivered to the purchasers. Upon the recognition of relevant sales of those properties, the balance would be recognized in the comprehensive income statement. The unsettled balance of deposits, prepayments and other receivables of Rmb 68.4 million was primarily the prepaid land and construction costs, which are expected to be transferred to properties under development upon receipt of the relevant land use right certificates and construction permits. Since we expect the relevant unsettled balances to be recoverable in a reasonable time frame, we do not consider the relevant unsettled balances as impaired.

Trade and Other Payables

Our trade and other payables comprise amounts due to third parties, including trade payables, receipts in advance, and other payables and accruals, and amounts due to related parties, including those to controlling equity owners and Zall Holding. The following table sets forth certain data with respect to our trade and other payables as of the dates indicated.

	As of December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Amounts due to third parties			
Trade payables	195,429	317,905	277,001
Receipts in advance	325,052	613,986	1,344,103
Other payables and accruals	58,258	86,459	105,251
Subtotal	578,739	1,018,350	1,726,355
Amounts due to related parties			
Amounts due to controlling equity owners	15,772	12,812	3,914
Amounts due to Zall Holding	103,608	96,583	—
Subtotal	119,380	109,395	3,914
Total	698,119	1,127,745	1,730,269

We had trade payables due to third parties of Rmb 195.4 million, Rmb 317.9 million and Rmb 277.0 million as of December 31, 2008, 2009 and 2010, respectively. The corresponding trade payable turnover days were 1,062 days, 304 days and 263 days for the years ended December 31, 2008, 2009 and 2010, respectively. Turnover days of trade payables are derived by dividing the average of the beginning and closing balances of trade payables for the relevant period by cost of sales for the period and multiplying by 365.25 days. Our trade payable turnover days of 1,062 days in 2008 were mainly due to a lower cost of sales of Rmb 56.1 million recorded in 2008, as compared to cost of sales of Rmb 308.0 million in 2009 and Rmb 413.2 million in 2010, respectively, and to a lesser extent, attributable to lower average trade payables in 2008 of Rmb 163.0 million, as compared to average trade payables of Rmb 256.7 million in 2009 and Rmb 297.5 million in 2010. Our Directors believe that our trade payable turnover days in 2008 were generally in line with the industry norm in 2008, which was relatively longer as a result of the global economic downturn.

Trade payables mainly represent amounts due to contractors. Payment to contractors is made in installments according to agreed progress milestones. We normally retain 2% to 5% as a retention balance payable. Included in trade payables were retention payables which were expected to be settled after more than one year and amounted to Rmb 13.3 million, Rmb 19.3 million and Rmb 21.3 million as of December 31, 2008 and 2009 and 2010, respectively.

We had receipts in advance from third parties of Rmb 325.1 million, Rmb 614.0 million and Rmb 1,344.1 million as of December 31, 2008 and 2009 and 2010, respectively. Receipts in advance consisted primarily of sales deposits received from purchasers. Proceeds from sale deposits will be recognized as turnover when the construction of the relevant properties is completed, such properties are delivered to purchasers and a large majority of the sales proceeds is paid to us by the purchaser as significant risks and rewards of ownership are transferred. As the development of the No.1 Enterprise Community Project and the North Hankou Project continued during the Track Record Period, pre-sale of our properties increased over the same period and as a result, receipts in advance as of the end of the relevant reporting periods increased significantly.

Other payables and accruals (which consisted primarily of land acquisition price payable to relevant local land authorities and earnest money deposit paid by our potential customers before pre-sale of our properties) increased from Rmb 58.3 million as of December 31, 2008 to Rmb 86.5 million as of December 31, 2009 and further to Rmb 105.3 million as of December 31, 2010, respectively.

Amounts due to controlling equity owners are primarily advances to us from Mr. Yan.

Current deferred income mainly represented certain advances of Rmb 560.0 million from 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) as of December 31, 2010, which were granted under an 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) for our development of Wuhan Salon. See "Business — Our Property Projects — Other Development Plans — Wuhan Salon (Phase II & III)" for further details of the investment agreement. Such government grants are recognized in the statements of financial position as of December 31, 2010 as deferred income and would be deducted from the carrying amount of the assets upon completion of the construction of relevant project(s).

Amounts due to Zall Holding as of December 31, 2008 and 2009 are related to advances to us from Zall Holding, which were fully repaid by us in December 2010.

Amounts due to related parties as set forth in the table above are unsecured, interest free and have no fixed terms of repayment. We will repay the above amounts due to related parties prior to the Listing.

INDEBTEDNESS, CONTINGENT LIABILITIES AND NET CURRENT ASSETS

Indebtedness

Our borrowings during the Track Record Period were denominated in Renminbi. The following table sets forth a breakdown of our current and non-current bank loans as of the dates indicated.

	As of December 31,			As at April 30,
	2008	2009	2010	2011
		(Rmb in thousands)		(unaudited)
Current				
Secured bank loans				
Current portion of non-current secured bank loans	22,000	13,500	167,000	147,722
Unsecured bank loans				
Current portion of non-current unsecured bank loans	10,000	25,000	—	—
Subtotal	32,000	38,500	167,000	147,722
Non-current				
Secured bank loans	69,500	228,436	339,693	500,500
Less: current portion of non-current secured bank loans	(22,000)	(13,500)	(167,000)	(147,722)
Unsecured bank loans	67,500	42,500	—	—
Less: current portion of non-current unsecured bank loans	(10,000)	(25,000)	—	—
Subtotal	105,000	232,436	172,693	352,778
Total	137,000	270,936	339,693	500,500

Our total outstanding bank loans amounted to Rmb 137.0 million, Rmb 270.9 million, Rmb 339.7 million and Rmb 500.5 million, as of December 31, 2008, 2009 and 2010 and April 30, 2011 (the latest practicable date for the purpose of determining our indebtedness), respectively. The increase in our bank borrowings was primarily due to the expansion of our operations and increased funding needs to finance our property developments.

The bank loans bore interest at rates ranging from 5.95% to 7.94% per annum, 5.67% to 7.94% per annum, 5.60% to 7.02% per annum and 5.60% to 7.68% per annum for the years ended December 31, 2008, 2009 and 2010 and four months ended April 30, 2011, respectively. As of December 31, 2008, 2009 and 2010, the effective interest rate, representing the gross interest on bank loans for the year divided by total bank loan balances at year end, for our bank loans was 5.4%, 6.2% and 4.4%, respectively.

As of December 31, 2008, 2009 and 2010, approximately Rmb 69.5 million, Rmb 228.4 million and Rmb 339.7 million, respectively, of our outstanding bank borrowings were secured by our Group's assets, including primarily cash, investment properties, land, and properties held for sale or under development for sale, with an aggregate net book value of approximately Rmb 45.3 million, Rmb 549.6 million and Rmb 1,158.6 million, respectively.

Secured bank loans with the value of Rmb 35.0 million and Rmb 31.5 million as of December 31, 2009 and 2010, respectively, were guaranteed by Ms. Chen Lifen, Mr. Yan's spouse. Those secured bank loans were borrowed from China Construction Bank Wuhan Huangpi Branch (中國建設銀行股份有限公司武漢黃陂支行). According to a written confirmation issued by China Construction Bank Wuhan Huangpi Branch (中國建設銀行股份有限公司武漢黃陂支行), this guarantee will be released upon our Listing.

The following table sets forth summaries of our current and non-current bank loans by maturity, as of the dates indicated.

	As of December 31,			As at April 30,
	2008	2009	2010	2011
				(unaudited)
	(Rmb in thousands)			
Within 1 year or on demand	32,000	38,500	167,000	147,722
After 1 year but within 2 years	70,000	157,000	172,693	186,778
After 2 years but within 5 years	35,000	75,436	—	166,000
	137,000	270,936	339,693	500,500

In addition to bank borrowings, we also had advances from our Controlling Equity Owners and Zall Holding during the Track Record Period. Such advances amounted to Rmb 119.4 million, Rmb 109.4 million and Rmb 3.9 million as of December 31, 2008, 2009 and 2010, respectively. For details, please refer to "— Discussion of Certain Statement of Financial Position Items — Trade and Other Payables."

Our gearing ratio (calculated by dividing total bank loans by total assets) was 7.7%, 8.1% and 6.7% as of December 31, 2008, 2009 and 2010. We believe that, by maintaining a relatively low gearing ratio, we should have more flexibility in obtaining additional bank loans or other debt financings in the future.

Except as disclosed above and other than intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments as of April 30, 2011.

Contingent Liabilities

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

- the time when the property ownership certificates are submitted to the mortgagee banks; or

- the time when the purchaser pays off the total amount of the mortgage.

If a purchaser defaults on the mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2008, 2009 and 2010 and April 30, 2011 (the latest practicable date for the purpose for determining our indebtedness), the outstanding guarantees for mortgage loans of the purchasers of our properties were approximately Rmb 20.4 million, Rmb 136.3 million, Rmb 489.4 million and Rmb 585.3 million, respectively. We believe that in case of default on mortgage loan payments by purchasers, the net realizable value of the underlying properties would exceed the outstanding mortgage principal together with the accrued interest and penalty. Our Directors are of the view that the fair value of these guarantees is not significant.

As of December 31, 2010 and April 30, 2011, save as disclosed above, we had not guaranteed the indebtedness of any independent third parties.

Our Directors confirm that there has not been any material adverse change in our indebtedness or contingent liabilities since April 30, 2011.

Capital Expenditures

During the Track Record Period, our capital expenditures were primarily related to the acquisitions of land use rights and the construction and development of our investment properties, and property, plant and equipment. For the years ended December 31, 2008, 2009 and 2010, we incurred capital expenditures of Rmb 68.7 million, Rmb 163.5 million and Rmb 163.8 million, respectively.

The following table sets forth a breakdown of our capital expenditure for the periods indicated.

	For the year ended December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Investment properties	67,425	156,935	161,467
Property, plant and equipment	1,239	6,547	2,330
	68,664	163,482	163,797

We estimate that our total capital expenditures for the year ending December 31, 2011 and thereafter will further increase as our business and operations continue to expand. We anticipate that these capital expenditures will be financed primarily by proceeds from the Global Offering, bank borrowings and cash flow generated from operating activities. If necessary, we may raise additional funds on terms that are acceptable to us.

Contractual Commitments

During the Track Record Period, our contractual commitments consisted primarily of commitments under operating leases and the capital commitments we made in relation to land acquisition and development costs.

Operating Lease Commitments

We lease out a number of buildings under operating leases. The leases typically have an initial term of one to five years, with an option to renew based on renegotiated lease terms.

The following table sets forth our future minimum lease payment receivables under non-cancellable operating leases as of the end of the relevant reporting periods.

	As of December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Within 1 year	—	4,008	4,847
After 1 year but within 5 years	—	11,365	16,827
	—	15,373	21,674

We also lease a number of buildings under operating leases. The leases typically have an initial term of five years, with an option to renew the leases based on renegotiated lease terms. None of these leases includes contingent rentals.

The following table sets forth our future minimum lease payment payables under non-cancellable operating leases as of the end of the relevant reporting periods.

	As of December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Within 1 year	—	4,639	7,802
After 1 year but within 5 years	—	17,743	24,680
	—	22,382	32,482

Capital Commitments on Development Costs

As of December 31, 2008, 2009 and 2010, we had the following capital commitments, mainly related to development costs, in our consolidated financial statements included in "Appendix I—Accountants' Report" to this prospectus:

	As of December 31,		
	2008	2009	2010
	(Rmb in thousands)		
Contracted but not provided for			
—Investment properties	53,858	11,796	74,265
—Properties under development	157,530	15,576	183,822
—Non-current assets classified as held for sale	—	—	10,787
	211,388	27,372	268,874

Net Current Assets Position

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

	At December 31,			At April 30,
	2008 Rmb'000	2009 Rmb'000	2010 Rmb'000	2011 Rmb'000 (Unaudited)
Current assets				
Properties under development	416,586	558,748	1,557,630	1,732,707
Completed properties held for sale	98,506	253,680	119,127	106,085
Inventories	213	213	193	681
Current tax assets	6,950	3,715	39,529	62,937
Trade and other receivables, prepayment	214,054	453,668	289,822	515,107
Restricted cash	1,581	31,643	12,800	4,464
Cash and bank	64,669	78,758	304,874	941,872
Available-for-sale unlisted equity securities	—	500	500	500
	802,559	1,380,925	2,324,475	3,364,353
Non-current assets classified as held for sale	—	—	495,580	590,126
	802,559	1,380,925	2,820,055	3,954,479
Current liabilities				
Trade and other payables	698,119	1,127,745	1,730,269	2,749,856
Bank loans	32,000	38,500	167,000	147,722
Current tax liabilities	1,783	19,256	28,917	13,420
Deferred income	—	—	566,286	565,473
	731,902	1,185,501	2,492,472	3,476,471
Liabilities directly associated with non-current assets classified as held for sale	—	—	130,528	135,491
	1,185,501	1,185,501	2,623,000	3,611,962
Net current assets	70,657	195,424	197,055	342,517

We had net current assets of Rmb 70.7 million, Rmb 195.4 million and Rmb 197.1 million as of December 31, 2008, 2009 and 2010, respectively. In December 2010, in view of increasing market demand, the Directors revisited the Group's investment property portfolio and decided on a plan to sell certain units of the Group's investment properties, being 1,179 units with an aggregate GFA of 65,423 sq.m.. Nine of these units with an aggregate GFA of 599 sq.m. were in the possession of tenants as of December 31, 2010. Such investment properties were available for immediate sale in their then condition and the Directors considered that such sale would be highly probable within one year of the classification of assets as held for sale. The following table sets forth the details of the reclassified units:

	Number of units	GFA (sq.m.)	Completion date
Apparel mall (Phase I)	1,039	56,402.37	March 2011
Footwear and leather products mall (Phase I)	106	6,919.62	August 2009
Small household items mall (Phase I)	3	192.24	August 2009
Hotel products and supplies mall (Phase I)	24	1,537.01	October 2010
Cotton knitwear mall (Phase I)	7	372.17	August 2010
Total	**1,179**	**65,423.41**	

As a result, we recorded non-current assets classified as held for sale of Rmb 495.6 million and deferred tax liabilities that are directly associated with such classification of Rmb 130.5 million as of December 31, 2010, respectively. As of December 31, 2010, sales contracts relating to eight units with an aggregate GFA of 367 sq.m. had been entered into with certain purchasers. As of the Latest Practicable Date, sale contracts for additional 955 units with an aggregate GFA of 48,810 sq.m. had been entered into with certain purchasers. All such sold properties are expected to be delivered to the relevant purchasers by the end of June 2011 pursuant to the relevant sale contracts. The existing investment properties held by us are currently designated for leasing purpose. However, in light of market demands for sold properties and leasing properties, we may consider adjusting the portfolio of our properties designated for sale and investment as appropriate.

The following table sets forth as of March 31, 2011 the details of sales of the units re-classified as of December 31, 2010 as non-current assets held for sale as described in the preceding table:

	Total non-current assets classified as held for sale		As of March 31, 2011 with sales contracts entered		Sold/ Pre-sold %(1)
	GFA/sq.m.	Number of units	GFA/sq.m	Number of units	
Apparel mall (Phase I)	56,402	1,039	48,618	952	86%
Footwear and leather products mall (Phase I)	6,920	106	—	—	—
Small household items mall (Phase I)	192	3	192	3	100%
Hotel products and supplies mall (Phase I)	1,537	24	—	—	—
Cotton knitwear mall (Phase I)	372	7	—	—	—
	65,423	**1,179**	**48,810**	**955**	**75%**

Note:

(1) Represents GFAs under sales contracts entered into as of March 31, 2011 divided by the total GFAs of non-current assets classified as held for sale.

As we further develop our North Hankou Project and other property projects, we expect our current assets to increase in the near future due to the increased properties under development and completed properties held for sale, which in turn should help improve our working capital position.

As of April 30, 2011, being the latest practicable date for ascertaining our net current assets position before the Listing, we had net current assets of Rmb 342.5 million, which was an increase of Rmb 145.4 million as compared to that of Rmb 197.1 million as of December 31, 2010, primarily due to the increases in cash and bank, trade and other receivables and prepayments, and properties under development.

WORKING CAPITAL

We centrally manage our working capital to ensure proper and efficient collection and deployment of our funds. All disbursements of funds must be approved by our Directors and senior management.

We carefully consider our cash position and ability to obtain further financing when arranging payment for land reserves and project construction costs. We endeavor to have financing ready before we make significant capital commitments. Given suitable opportunities, we also intend to work with our bankers to access the capital markets through further equity or equity-linked capital-raising or debt-related capital-raising.

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

As of December 31, 2008, 2009 and 2010, our aggregate cash denominated in Renminbi amounted to approximately Rmb 64.7 million, Rmb 78.8 million, and Rmb 304.9 million, respectively. As of December 31, 2010, we had unutilized credit facilities in a total amount of Rmb 68.7 million.

Taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flow from our operations, our Directors are of the opinion that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus. Based on the aforesaid, the Company is expected to be able to finance the Group's working capital, capital expenditure and other capital requirements through proceeds from the pre-sale and sale of properties, income generated from the Group's wholesale mall market and No.1 Enterprise Community operations, borrowings from commercial banks, capital contributions from shareholders and the proceeds from the Global Offering for at least the next 12 months from the date of this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

As of April 30, 2011, save for the mortgage loan guarantees disclosed under "contingent liabilities", we did not have any material off-balance sheet arrangement.

MARKET RISKS

We are, in the normal course of business, exposed to market risks, primarily credit, liquidity, interest rate and currency risks.

Credit Risk

We are exposed to credit risks, primarily attributable to bank deposits and trade and other receivables. With respect to bank deposits, we maintain a defined credit policy and monitor our exposure to these credit risks on an ongoing basis. We deposit our cash with financial institutions with sound credit ratings and we limit our exposure to any single financial institution. We do not expect any of these financial institutions to fail to meet their obligations.

With respect to leasing income from our investment properties, we believe we hold sufficient deposits to cover our exposure to potential credit risk. An aging analysis of the receivables is performed on a regular basis, which we monitor closely to minimize any credit risk associated with these receivables. We have no concentration of credit risk in view of our large number of customers. We did not record significant bad debt losses during the Track Record Period.

Liquidity Risk

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

Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our bank loans, which had outstanding amounts of Rmb 137.0 million, Rmb 270.9 million and Rmb 339.7 million, respectively, as of December 31, 2008, 2009 and 2010. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates may increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. The benchmark one-year bank lending rate published by PBOC as at December 31, 2008, 2009 and 2010 was 5.31%, 5.31% and 5.81%, respectively. We currently do not carry out any hedging activities to manage our interest rate risk.

Foreign Exchange Risk

Our functional currency is renminbi and substantially all of our revenue, expenses, cash and deposits are denominated in renminbi. In the event of a depreciation of renminbi against the Hong Kong dollar, the U.S. dollar or other foreign currency, the value of our properties and other assets will decline in such foreign currency terms. In addition, if we maintain any foreign currency-denominated assets or liabilities, including raising any foreign currency-denominated debts, fluctuations in renminbi exchange rates will have an impact on the value of such assets and liabilities, thus affecting our financial condition and results of operations. The exchange rates between the renminbi and the Hong Kong dollar, the U.S. dollar and other foreign currencies are affected by, among others things, changes in the PRC's political and economic conditions. Under the current policy of the PRC Government, the renminbi is pegged against a basket of currencies, determined by PBOC, against which it can rise or fall by as much as 0.5%. The PRC Government has recently announced that it intends to further reform the renminbi exchange rate regime. As a result, exchange rates of renminbi could be subject to more significant fluctuations in the future.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure obligation pursuant to Rules 13.13 to 13.19 of the Listing Rules upon Listing.

PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2011

We have prepared the following profit forecast for the six months ending June 30, 2011 on the bases and assumptions as described in Appendix III to this prospectus. You should read these bases and assumptions in Appendix III when you analyze our profit forecast for the six months ending June 30, 2011.

Forecasted consolidated profit for the year attributable to our shareholders	Rmb 780 million (HK$917 million)
Unaudited pro forma forecast earnings per share	not less than Rmb 0.22 (HK$0.26)

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III entitled "Profit Forecast" to this prospectus. Under IFRSs, gains or losses arising from changes in the fair value of investment properties are included in the period in which they arise. The calculation of the forecast earnings per Share on a pro forma basis is

based on the forecast consolidated profit attributable to our equity owners for the six months ending June 30, 2011, assuming that we had been listed since January 1, 2011 and a total of 3,500,000,000 Shares had been issued and outstanding during the period.

(2) The profit forecast is presented on a basis consistent in all material respects with the accounting policies currently adopted by us as set out in the Accountants' Report included in Appendix I to this prospectus. For discussions as to the bases and assumptions used in the forecast of changes in fair value of investment properties, see "Appendix III — Profit Forecast."

(3) Our Directors forecast that the impact of any change in the occupancy rate and/or rental rate of our properties for rent would be immaterial to the profit forecast for six months ending June 30, 2011. For the purpose of the profit forecast, we assumed the rental occupancy rate during the six months ending June 30, 2011 to be 13.4%, with reference to the weighted average rental occupancy rate as of March 31, 2011. Assuming the same rental level but the rental occupancy rate increases to 100%, the profit after tax would increase by Rmb 9.9 million, which represents a positive change of approximately 1.3%. In the event that the occupancy rate drops to 0%, the profit after tax would decrease by Rmb 1.8 million, which represents a negative change of approximately 0.2%. In addition, for the purpose of the profit forecast, we assumed the rental rate during the six months ending June 30, 2011 to be Rmb 13 per sq. m, with reference to the average rental rate for the three months ended March 31, 2011. Assuming rental occupancy rate of 13.4%, but the rental rate increases by 100%, the profit after tax would increase by Rmb 1.8 million, which represents a positive change of approximately 0.1%. In the event that the rental rate reduces by 100%, the profit after tax would decrease by Rmb 1.8 million, which represents a negative change of approximately 0.1%.

The forecasted consolidated profit after tax for the six months ending June 30, 2011 attributable to our shareholders prepared by our Directors is based on our unaudited management accounts for the four months ended April 30, 2011 and a forecast of our consolidated results for the remaining two months ending June 30, 2011. We have undertaken to the Stock Exchange that our interim report for the six months ending June 30, 2011 will be audited pursuant to Rule 11.18 of the Listing Rules.

Sensitivity analysis on fair value changes of investment properties (including investment properties under construction)

The total forecasted amount of fair value gains on investment properties for the period ending June 30, 2011 is Rmb 221.5 million and the related deferred taxation expense is Rmb 55.4 million. The following table illustrates the sensitivity of the forecasted consolidated profit after tax for the period ending June 30, 2011 attributable to our shareholders ("**Profit Forecast**") to changes in percentage on the forecasted total fair value (net of deferred tax effect) as of June 30, 2011 of all investment properties:

Changes in percentage on the forecasted total fair value (net of deferred tax effect) as of June 30, 2011 of all investment properties . . .	-10%	-20%	-30%	+10%	+20%	+30%
Impact on the Profit Forecast (Rmb in millions)	774.9	758.3	741.7	808.1	824.7	841.4

If the estimated fair value of investment properties rises or declines by 10%, the Profit Forecast will be Rmb 808.1 million or Rmb 774.9 million, respectively, i.e. 2.7% higher or 1.5% lower, respectively, than the Profit Forecast.

If the estimated fair value of investment properties rises or declines by 20%, the Profit Forecast will be Rmb 824.7 million or Rmb 758.3 million, respectively, i.e. 4.8% higher or 3.6% lower, respectively, than the Profit Forecast.

If the estimated fair value of investment properties rises or declines by 30%, the Profit Forecast will be Rmb 841.4 million or Rmb 741.7 million, respectively, i.e. 7.0% higher or 5.7% lower, respectively, than the Profit Forecast.

The sensitivity illustration above is intended for reference only. Investors should note in particular that (i) this sensitivity illustration is not meant to be exhaustive and assumes the change only relates to one variable, while other variables remain unchanged; (ii) any variation could exceed the ranges given; and (iii) the profit forecast is subject to further and additional uncertainties generally.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, as valued by Savills as of March 31, 2011 were approximately Rmb 22.3 billion. For further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by Savills, see "Appendix IV — Property Valuation Report" to this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated statement of financial position as of December 31, 2010 as required under Rule 5.07 of Listing Rules is set forth below:

	RMB'000
Net book value of our properties as of December 31, 2010	
— Properties under development for sale	1,557,630
— Completed properties for sale	119,127
— Investment properties	2,205,250
— Non-current assets classified as held for sale	495,580
	4,377,587
Less:	
Cost of sales of properties sold for the three months ended March 31, 2011	(8,063)
Add:	
Net addition to properties under development, completed properties held for sale, investment properties and non-current assets classified as held for sale from December 31, 2010 to March 31, 2011	694,279
Gain from fair value of investment properties for the three months ended March 31, 2011	221,473
Net book value of our properties as of March 31, 2011 subject to valuation as set forth in the Property Valuation Report included in Appendix IV	5,285,276
Revaluation surplus, before income tax and LAT and minority interests	17,026,274
	22,311,550

DIVIDENDS AND DISTRIBUTABLE RESERVES

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

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a Share in advance of calls may for this purpose be treated as paid up on the Share; and (ii) all dividends must be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any of our shareholders or in respect of any Shares all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise. In addition, the declaration of dividends is subject to the discretion of our Board, and the amounts of dividends actually declared and paid will also depend on the following factors:

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

As of December 31, 2008, 2009 and 2010, our retained earnings available for distribution to our shareholders, adjusted for the changes in fair value of investment properties and non-current assets held for sale and the respective taxation effects, amounted to approximately Rmb nil million, Rmb 8.7 million and Rmb 53.3 million, respectively.

Except for a dividend of approximately Rmb 145.0 million declared by North Hankou Group to Zall Holding during the year ended December 31, 2010, we did not declare any dividend during the Track Record Period. On May 31, 2011, our Company declared a special dividend of HK$50 million to its then shareholder Zall Investment Holding. The dividend has been paid in full.

We currently intend to pay dividends of approximately 30% of the profit available for distribution for year, after adjusting for the changes in fair value of investment properties and non-current assets held for sale and the respective taxation effects, ending December 31, 2011. Going forward, we will evaluate our dividend policy in light of our financial position and the prevailing economic climate. The determination to pay dividends will be made at the discretion of our Board and will be based on our earnings, cash flow, financial condition, capital requirements, statutory fund resource requirements and other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and financing agreements that we may enter into in the future.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted data of our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as of December 31, 2010 as if the Global Offering had taken place on December 31, 2010.

Because of its hypothetical nature, the unaudited pro forma adjusted net tangible assets data may not give a true picture of our financial position as of December 31, 2010 or any future date following the Global Offering. It was prepared based on our consolidated net assets attributable to the shareholders of the Company as of December 31, 2010, as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Consolidated net tangible assets attributable to shareholders of the Company as of December 31, 2010(1)	Estimated net proceeds from the Global Offering(2)	Unaudited adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per share(3)	
	(Rmb in thousands)			*(Rmb)*	*(HK$)*
Based on an Offer Price of HK$2.89 per share	1,750,894	1,231,508	2,982,402	0.85	1.00
Based on an Offer Price of HK$3.57 per share	1,750,894	1,535,290	3,286,184	0.94	1.10

Notes:

1. The consolidated net tangible assets attributable to shareholders of the Company as of December 31, 2010 representing the total equity attributable to the shareholders of the Company, less intangible assets, if any, are extracted from the consolidated financial information included in the "Accountants' Report" as set out in Appendix I to the prospectus. As at December 31, 2010, the Group recorded no intangible asset.

2. The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.89 or HK$3.57, being the low or high end of the stated offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by the Group and takes no account of any Shares which may be issued upon the exercise of the options that may be granted under the Pre-IPO Share Option Scheme and the Over-allotment Option.

3. The unaudited pro forma adjusted net tangible assets per Share are arrived at after the adjustments referred to above and on the basis that 3,500,000,000 Shares are in issue assuming that the Global Offering was completed on December 31, 2010 but takes no account of any Shares which may be issued upon the exercise of the options that may be granted under the Pre-IPO Share Option Scheme and the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share are converted to Hong Kong dollars at an exchange rate of RMB 0.85093 to HK$1.00, the prevailing rate quoted by the PBOC on December 31, 2010.

NO MATERIAL ADVERSE CHANGE

We confirm that there has not been any material adverse change in our financial or trading position since December 31, 2010.