An investment in the Offer Shares involves various risks. You should consider carefully all the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in the Offer Shares. The occurrence of any of the following events could harm us. If any of these events occur, the trading price of the Offer Shares could decline and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We are dependent on rental income from our investment property portfolio.

Rental income from our investment properties constitutes a very important part of our business and turnover. For FY2010, FY2011, FY2012, 1HFY2012 and 1HFY2013, segment revenue[(1)] from property investment constituted approximately 65.7%, 26.1%, 39.8%, 36.9% and 46.2% of total segment revenue, respectively. Excluding segment revenue from property development, segment revenue from property investment constituted 65.7%, 63.5%, 62.0%, 61.8% and 63.7% of total segment revenue for the same periods, respectively. We are subject to risks incidental to the ownership and operation of office, retail and residential properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or at all, upon the expiration of the existing terms. Furthermore, any downturn in the rental market for commercial properties could negatively affect the demand for our investment properties and the amount of rental income we earn, which may have a material and adverse effect on our business, results of operations and financial condition.

Our properties are all located in Hong Kong, which exposes us to cyclical economic, property market and hotel industry conditions in Hong Kong.

All of our properties are located in Hong Kong and, as a result, our results of operations and the value of our properties depend, to a large extent, on the performance of the economy, property market conditions, hotel industry trends and conditions and government policies in Hong Kong. Historically, the Hong Kong property market has been cyclical, and Hong Kong property values and rental rates, along with hotel daily room rates and occupancy rates, have been affected by, among other factors, supply of and demand for comparable properties or premises, the rates charged by competitors, the rate of economic growth in Hong Kong, global or regional economic trends, interest rates, inflation and political and economic developments in Hong Kong. We cannot assure you that the demand for properties or hotel rooms in Hong Kong will continue to grow or that our properties will continue to increase in value. An economic decline in Hong Kong, reduced demand for hotel services or convention and exhibition venues or a decline in property market conditions (including but not limited to a slow down in property sales or leases or downward pressures on property prices or rents) in Hong Kong may have a material and adverse effect on the values of our properties and our business, results of operations and financial condition.

Any economic slowdown or economic uncertainty may materially and adversely affect our business, results of operations and financial condition.

We are generally influenced by conditions in the global financial markets and the macroeconomic environments of Hong Kong and elsewhere in the world. The global financial crisis that unfolded in 2008, the recent European debt crisis and the slow down of the PRC economy have resulted in a

Note:

(1) Segment revenue is comprised of (i) turnover as presented in combined statements of profit or loss and other comprehensive income, (ii) gross proceeds from sale of investment properties held for sale and (iii) our share of revenue of jointly controlled entities. Please refer to *"Financial Information — Description of Selected Components of Combined Statements of Profit or Loss and Other Comprehensive Income — Turnover, segment revenue and segment results"* for more information.

marked slowdown in world economic growth, economic contractions in certain markets, more commercial and consumer delinquencies, weakened consumer confidence and increased market volatility, thereby impacting property values as well as contributing to a lower demand for properties and a decline in their rental rates or selling prices in certain areas of the world, including Hong Kong. In our case, our rental rates increased and our occupancy rates only saw a decrease at selected properties (approximately six and ten percent at our Hopewell Centre and KITEC properties, respectively) which we believe was partly the result of changes in the general economic conditions following the financial crisis. We cannot guarantee that any future economic uncertainties or events will not have a more substantial impact on our financial condition or results of operations. Any global economic slowdown or economic uncertainty may adversely affect the business of the tenants of our commercial and residential properties, potential purchasers of our residential properties and travel patterns of guests at our hotel, which, in turn, may have a material and adverse effect on our business, results of operations and financial condition.

We may not be able to continue to attract and retain quality tenants or achieve a desirable mix of tenants.

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. We cannot assure you that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants or for rental rates that are consistent with our projections. If we are not able to retain our existing tenants, attract new tenants to replace those that leave or lease our new properties, our occupancy rates may decline. If we fail to attract quality tenants or keep our existing tenants, our investment properties may become less attractive and competitive. In addition, there is no certainty that we will be able to attract the desired tenants that will enable us to achieve our business objectives. This in turn may have a material and adverse effect on our business, results of operations and financial condition.

Our turnover and profit level are affected by our turnover mix and other factors and we may not be able to sustain our existing level of turnover or profit.

We recorded turnover of approximately HK$947.2 million, HK$1,056.2 million, HK$1,202.5 million, HK$591.3 million and HK$628.7 million for FY2010, FY2011, FY2012, 1HFY2012 and 1HFY2013, respectively. We recorded profit of HK$4,062.7 million, HK$4,811.8 million, HK$2,744.5 million, HK$1,395.0 million and HK$10,237.2 during the same periods. Factors which may reduce our turnover and profit include:

- changes in the mix of turnover sources, such as rental income from our investment properties, income from the sale of our property development and income from our hotel, restaurant and catering operation;
- increased market competition;
- failure to achieve target rental rates, daily room rates and occupancy rates;
- failure to achieve target sales volumes and selling prices;
- a decrease in the amount of gain arising from changes in the fair value of our investment properties;
- our costs may not decrease in tandem with a reduction in turnover at our properties, as many of the expenses associated with owning and maintaining our properties are fairly fixed and inflexible; and
- failure to negotiate volume discounts with suppliers on favourable terms.

We cannot assure you that we can always maintain or increase our turnover or profit. Historically, our turnover mix has experienced certain fluctuations. For example, we derived nil, 58.8%, 35.8%, 40.4% and 27.4% of our total segment revenue from property development for FY2010, FY2011, FY2012, 1HFY2012 and 1HFY2013, respectively. We may not be able to sustain similar patterns or levels of turnover or profit in the future.

Our business prospects depend on the success of our property development projects, which may be affected by many factors.

Our business prospects depend on the success of our property development projects, in particular Hopewell Centre II and the 200 Queen's Road East Project. These projects may be affected by many factors beyond our control, including but not limited to:

- delays in obtaining the necessary licences, permits or approvals from the Hong Kong Government;
- delays in obtaining the necessary consents or approvals from our joint venture and business partners;
- delays in obtaining the necessary financing;
- relocation of existing residents and/or demolition of existing buildings;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes and adverse weather conditions;
- the involvement of lobbyists or other parties against a development project for environmental or other reasons;
- the discovery of historically significant objects on or around our project sites;
- changes in government policies or relevant laws or regulations; and
- economic conditions.

In addition, we have, in the past, encountered difficulties with third parties which have resulted in project delays. Delays or failure to complete the construction of a project according to our planned specifications, schedule or budget as a result of the above factors may affect our results of operations, financial condition, business prospects and reputation. We cannot assure you that we will not experience any significant delays in the completion or delivery of our projects or that we will not be subject to any liabilities to our tenants, any purchasers or relevant government authorities for any such delays. Any of the foregoing may have a material and adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to manage our expansion and growth effectively.

We intend to continue to expand our portfolio of properties in the future. Expansion may place substantial strain on our managerial, operational and financial resources. It may also expose us to a number of risks and challenges, including but not limited to:

- the difficulty of identifying new opportunities;

- an inability to effectively integrate our new properties into our existing portfolio or operations;
- insufficient demand for our new properties;
- potential unknown risks associated with our new properties;
- an inability to achieve the expected profitability of such new properties;
- potential risks of competition among our properties;
- the difficulty of recruiting and retaining qualified personnel on commercially reasonable terms;
- the difficulty of maintaining uniform standards, controls, procedures and policies for our new properties; and
- changes in government policies or relevant laws or regulations.

We cannot assure you that we will be able to manage our expansion or growth effectively or that we will be able to expand our portfolio at any specific rate or to any specific size. Even if we were able to successfully expand or grow as desired, we cannot assure you that we will achieve our intended return on such investments. Any of the foregoing could have a material and adverse effect on our business, results of operations, financial condition and prospects.

We may not always be able to obtain suitable land reserves at reasonable cost.

We derive our turnover principally from rental income from our investment properties and, to a lesser extent in recent years, from the sale of properties which we have developed. As a result, we strive to maintain or increase our land reserves at an appropriate pace, each with suitable size and appropriate scope of usage for our requirements, and in strategic locations, in order to position us for sustainable business growth. In Hong Kong, suitable land is difficult to obtain at reasonable cost due to strong competition from other developers and the limited amount of undeveloped land. Such development sites have generally become increasingly scarce and expensive in recent years. As a result, our future growth prospects may be adversely affected if we are not able to acquire properties at suitable prices.

We have acquired individual units in several sites in Hong Kong which are being assembled for amalgamation and are referred to in this prospectus as the Amalgamation Properties. While we believe that the successful assembly and subsequent development of the Amalgamation Properties could generate attractive investment returns for Shareholders, there is no assurance that we will be able to complete the site assemblies on commercially viable terms or at all. We review the development potential of the Amalgamation Properties and decide whether we should continue to hold or dispose of any of the Amalgamation Properties from time to time. Amalgamation Properties, which are generally older and of lower quality than other assets in our investment property portfolio, may generate a lower level of rental income, if any, and, without the prospect of successful amalgamation and development, would not fit our investment criteria. If we are not able to complete the site assemblies on commercially viable terms or at all, we may have to dispose of the Amalgamation Properties, potentially at a loss.

We may not have adequate capital resources to fund our land acquisitions and future property developments.

Property development is capital intensive. In the past, we have financed our property projects primarily from income from operating activities and financing through bank borrowings and borrowings from related parties (principally the Remaining Group). Following the completion of the

Global Offering, we expect to finance our property projects, such as the development of Hopewell Centre II, primarily through net proceeds from the Global Offering, our internal resources and/or external bank borrowings.

Our ability to procure adequate financing for land acquisition and property developments depends on a number of factors that are beyond our control. For example, continued uncertainty in the equity and credit markets has impacted the availability of liquidity in the financial markets, which has made terms for financing less attractive and in some cases, resulted in the lack of availability of certain types of financing. While we believe that we have adequate sources of liquidity to meet our anticipated requirements for working capital, debt service and capital expenditures for the foreseeable future, we cannot assure you that we will be able to continue to secure financing on commercially reasonable or acceptable terms, which may materially and adversely affect our business, results of operations, financial condition and prospects.

A deterioration in the value of our brands may have a negative impact on our business.

We believe that our set of brands is an important component of our business and that the success of our business depends in part upon our continued ability to use our brands, to increase brand awareness and to further develop our brands such as "Hopewell", "The East", "GardenEast", "Panda Hotel", "Panda Place", "KITEC", "E-Max" and "Star Hall".

We also have a trademark license agreement with Hopewell which grants us the right to use certain trademarks owned by Hopewell. We consider it highly unlikely that the trademark agreement will be terminated by Hopewell. However, in the event that the trademark agreement is terminated, we may lose the right to use the trademarks and our business may be materially and adversely affected.

Any negative publicity concerning Hopewell, us, our properties or to a lesser extent, our major tenants, could adversely affect our reputation and business prospects. In addition, our brands may be misused by third parties and we may have to incur expenses in protecting them. Demand for our properties could diminish significantly if the quality of our brands is not preserved. Furthermore, any unauthorised use of our brands, trademarks of Hopewell or other intellectual property rights could harm our competitive advantages and businesses. Monitoring and preventing unauthorised use is difficult and the measures we take to protect our intellectual property rights may not be adequate. If our brands, trademarks of Hopewell or other intellectual property rights are not adequately protected, we may lose these rights and our business may be materially and adversely affected.

The success of our business may be affected by our relationships or business ventures with our joint venture and business partners.

We carry out, and expect to carry out in the future, some of our business through joint ventures and other business arrangements, such as our joint venture and business arrangement with another property developer and business partner (namely the URA) for the 200 Queen's Road East Project. Such arrangements involve a number of risks, including but not limited to:

- our joint venture and/or business partners may have economic or business interests or goals or philosophies that are inconsistent with ours and that may impact the volume and pricing of the units to be sold, the market positioning or the rental rates of the property as well as our or their reputation;

- any disagreement with any of our joint venture partners or business partners in connection with the scope or performance of our respective obligations under the relevant agreements might affect our ability to develop or operate a property;

- our joint venture partners and/or business partners may be unable or unwilling to perform their obligations, including but not limited to their obligations to make required capital contributions and shareholder loans;

- we may not be able to pass certain important board resolutions requiring certain consents from our joint venture partners or business partners if there is a disagreement between us and them; and

- our joint venture partners and/or business partners may take actions contrary to our requests or instructions or contrary to our policies or objectives with respect to our property investments.

Any of these and other factors may have material adverse effects on our businesses, results of operations, financial condition and prospects.

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

The appraised values of our properties as contained in "*Appendix IV — Property Valuation*" are based on assumptions that include elements of subjectivity and uncertainty and may be subject to substantial fluctuations. Such assumptions include:

- the exclusion of an estimated price inflated or deflated by special terms or circumstances, such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale or any element of special value;

- no allowance being made for any charges, mortgages, amounts owing on the properties, expenses or taxation which may be incurred in effecting a sale;

- the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values, unless otherwise stated; and

- no extraordinary expenses or delays will be incurred during construction.

In addition, assumptions used by our property valuer when valuing our properties may have exceeded the corresponding parameters in the current market and/or corresponding historical parameters associated with our properties. As a result, the appraised value of our properties may be different from their actual realisable value or a forecast of their realisable value.

Unforeseen changes to property development projects as well as economic conditions may affect the value of our properties. In particular, the fair value of our properties could decrease in the event that the market for comparable properties experiences a downturn as a result of the continuing effects of the global economic slowdown, or otherwise. In addition, the Hong Kong property market is at or near to historic peaks and has in the past been highly volatile and suffered significant falls in prices. A decline in Hong Kong's property market could materially and adversely affect the value of our properties.

Gains or losses arising from changes in the fair value of our investment properties are likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability and financial position.

We are required under HKFRS to reassess the fair value of our investment properties at every balance sheet date for which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of profit or loss and other comprehensive income for the period in which they arise. However, accounting standards may change from time to time, and such changes may materially and adversely affect our profitability and financial position.

For our office space, serviced apartments, car parks and retail outlets, the valuation is arrived at by using an income capitalisation approach (capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties) or, where appropriate, by using a direct comparison method by making reference to comparable sales transactions as available in the relevant market. For our convention and exhibition venue, the valuation is also arrived at by using an income capitalisation approach (capitalising the estimated annual net income) and is based on the valuer's opinion as to the future trading potential and level of turnover likely to be achieved. For FY2010, FY2011, FY2012, 1HFY2012 and 1HFY2013, fair value gains of our investment properties (including, but not limited to those under development) were HK$3,825.4 million, HK$4,515.7 million, HK$2,348.4 million, HK$1,193.1 million and HK$10,005.2, respectively, and accounted for a significant portion of our profit before taxation.

The gain arising from changes in fair value of our investment properties decreased from FY2011 to FY2012 primarily because the value of properties in Hong Kong generally increased at a slower pace in FY2012 than in FY2011. In 1HFY2013, we experienced a significant increase in fair value gain of completed investment properties of HK$7,852.2 million. This increase was primarily the result of an increase in the fair value of Hopewell Centre of HK$3,469.8 million, an increase in the fair value of KITEC of HK$2,788.1 million and an increase in the fair value of Panda Place of HK$798.3 million. For further information, please see "*Financial Information — Significant Factors Affecting our Results of Operations and Financial Condition — Changes in fair value of investment properties and recognition of fair value gains or losses under our management and accounting policies.*"

Fair value gains or losses are not cash items and, as a result, do not correspondingly increase or decrease our cash and cash equivalents despite the increase or decrease in profit. In addition, the sum of all gains arising from changes in the fair values of the individual units contained in a single piece of investment property may not necessarily equal the total gain arising from changes in fair value recognised by the entire investment property when viewed as a whole. Furthermore, the amount of revaluation adjustments have been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in market conditions will continue to create gains arising from changes in fair value of our investment properties at the previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. In particular, the fair value of our investment properties could decline if the Hong Kong property industry experiences a downturn. Any such decrease in the fair value of our investment properties could materially and adversely affect our profitability.

We cannot assure you that third party contractors or service providers will always meet our quality standards or provide services in a timely manner.

We employ third party contractors to carry out various works, including but not limited to, design, construction, structural engineering, internal decoration, landscaping, electrical and mechanical engineering and lift installation. Despite our project management, we cannot guarantee that our third party contractors will always provide satisfactory services or possess the right experience. Moreover, as is common in the property industry, completion of our property developments may be delayed and we may incur additional costs or legal liabilities due to a contractor's financial or operational difficulties. Our contractors may undertake projects for other developers or engage in risky undertakings which may divert resources and cause a delay in the completion of our property projects or increase our development costs. Additionally, the services rendered by independent service providers (such as security, repair and maintenance, cleaners, seasonal catering servers and casual labour) may not always meet our quality standards. Any of these factors may materially and adversely affect our reputation, business, results of operations and financial condition.

Increases in the costs of labour or construction materials may have a material and adverse impact on our results of operations.

If the costs of labour or construction materials increase significantly and we cannot offset such increases by reducing other costs or cannot pass on such increase to the buyers or tenants of our properties, our business, results of operations and financial condition may be materially and adversely affected. For example, Hong Kong recently introduced a statutory minimum wage of HK$28.0/hour (which was adjusted to HK$30.0/hour beginning 1 May 2013) and we cannot assure you that the minimum wage in Hong Kong will not continue to increase in the future. It is also possible that labour costs in Hong Kong may increase due to other regulatory changes, such as the proposed regulatory measure regarding maximum working hours. Any changes to future minimum wage laws and other labour regulations may increase our costs of labour. Furthermore, continuous increases in the price of construction materials will likely increase our construction costs and overall project costs. If we cannot rent or sell our properties at prices which are sufficient to cover all of our increased costs, we will not be able to achieve our target profit margins and our profitability will be adversely and materially impacted.

Our asset enhancement plans or renovations may not necessarily achieve the intended benefits or returns and may result in temporary closures, reduced turnover, cost overruns and delays.

As part of our on-going effort to maintain high-quality properties and to attract tenants and customers, we may enhance our properties through asset enhancement plans or renovations from time to time. Any such asset enhancement plans or renovations will involve capital investments. At times, such plans could result in a temporary closure of our rentable areas, which may affect the occupancy rate or visitor traffic in the vicinity, leading to a reduction in turnover generated by our properties. Additionally, there may also be potential cost overruns and risks of delays. We experienced such results during the renovation of Panda Place in FY2012 when our occupancy rates decreased by 16.2%, and at KITEC in 1HFY2013, when our occupancy rates decreased from 94.6% to 93.4%, as a result of our retention of available rental spaces for our own use purposes and to facilitate future development and renovation. We expect such decreases at KITEC to continue in the future as a result of further asset enhancement plans and renovations. We cannot assure you that our asset enhancement plans or renovations, when completed, will lead to higher occupancy rates and/or an increase in rental rates or achieve their intended benefits or returns. As a result, our business, results of operations and financial condition may be materially and adversely affected.

The planned development of our Wan Chai properties may involve considerable levels of noise and construction work which may adversely affect the attractiveness of our existing properties, and in turn, our turnover and profit.

Wan Chai is currently home to our cluster of properties including Hopewell Centre, QRE Plaza, GardenEast, and our retail units and car parking spaces located at Wu Chung House. In addition, we are currently developing Hopewell Centre II and the 200 Queen's Road East Project, both of which are located adjacent to or within a close distance from our existing properties in Wan Chai. As we continue to develop these properties, the resulting road works, noise levels and other disruptions commonly associated with large construction activities may negatively affect the attractiveness of our existing properties in Wan Chai to our potential tenants and customers during the construction phase. As a result, occupancy rates and rental rates at our existing Wan Chai properties during the construction phase may suffer which, in turn, may adversely affect both our turnover and profit.

Our results of operations are subject to changes in interest rates and we may experience an increase in finance costs due to a change in our financing structure in the future.

Our borrowings are principally denominated in HK dollars. The interest rates on some of our outstanding borrowings are based on floating rates. Changes in interest rates have affected, and will continue to affect, our business and results of operations. During FY2011, FY2012 and 1HFY2013, our bank borrowings carried floating interest rates of HIBOR plus 0.32%. As at 30 June 2011 and 2012 and 31 December 2012, our bank borrowings carried an interest rate of 0.52%, 0.62% and 0.60% per annum, respectively. Interest expenses on our borrowings incurred in FY2010, FY2011, FY2012, 1HFY2012 and 1HFY2013 were HK$79,000.0, HK$1.2 million, HK$7.6 million, HK$3.1 million and HK$10.1 million, respectively. In addition, interest rates directly affect the affordability of mortgages which, in turn, affects the demand for our residential properties that are available for sale.

Our interest income may also be affected by interest rate fluctuations. We cannot assure you that interest rates will not fluctuate significantly in the future.

Furthermore, we may be subject to increased finance costs due to a change in our financing structure. Historically, we financed our funding needs and the development of our investment properties through advances from Hopewell (principally through amounts due to the Remaining Group). Such advances were interest-free. The net amounts due to the Remaining Group were HK$10,611.9 million, HK$8,774.7 million, HK$8,647.0 million and HK$10,606.0 million as at 30 June 2010, 2011 and 2012 and 31 December 2012, respectively. However, in the future, our operations will be partly financed through new bank loan facilities, which may result in an increase in our loan commitment fees or interest rates, thereby increasing our finance costs. For example, the Company has obtained the Refinancing Facility, being a loan facility of HK$4,000.0 million, of which HK$3,700.0 million has been drawn down and applied towards the repayment of the Outstanding Borrowings in full. The Refinancing Facility bears interest rates ranging from HIBOR plus 0.88% to 1.12%. As a result, our finance costs are expected to increase as compared to our finance costs during the Track Record Period. See "*Relationship with our Controlling Shareholder — Financial Independence*" for more details.

Any increase in interest rates or finance costs may materially and adversely affect our business, results of operations and financial condition.

We are subject to certain conventional restrictive covenants and certain risks normally associated with debt financing which may limit or otherwise adversely affect our operations.

We are subject to certain restrictive covenants under the terms of our bank borrowings which may restrict or otherwise adversely affect our operations. For example, we are prohibited from selling, transferring or otherwise disposing of all or a material part of our assets under the terms of our most substantial bank loan. Please refer to "*Financial Information — Indebtedness*" for more information. Failure by us to meet payment obligations or to comply with any affirmative covenant, or any violation by us of any restrictive covenant may constitute an event of default under the terms of our borrowings. If an event of default occurs, our lenders would be entitled to accelerate payment of all or any part of the outstanding indebtedness. If any of these events of default were to occur, our financial condition, results of operations and cash flow may be materially and adversely affected.

We had net current liabilities during the Track Record Period. Our indebtedness level could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities.

We maintain a certain level of indebtedness to finance our operations. As at 31 December 2012, our total outstanding borrowings amounted to HK$3,700.0 million. Our indebtedness could have an adverse effect on us, for example, by:

- requiring us to dedicate a large portion of our cash flow from operations to fund repayments of our debt, thereby reducing the availability of our cash flow to expand our business;
- increasing our vulnerability to adverse general economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- limiting our ability to raise additional debt or equity capital in the future or increasing the cost of such funding;
- restricting us from making strategic acquisitions or taking advantage of business opportunities; and
- making it more difficult for us to satisfy our obligations with respect to our debt.

In addition, as our indebtedness will require us to maintain an adequate level of cash flow from operations to satisfy our debt obligations as they become due, any decrease in our cash flow from operations in the future may have a material and adverse effect on our financial condition. Our net current liabilities were HK$6,069.1 million, HK$6,499.9 million, HK$7,906.5 million and HK$9,998.6 million as at 30 June 2010, 2011 and 2012 and 31 December 2012, respectively, of which HK$8,946.4 million, HK$9,629.5 million, HK$9,962.9 million and HK$10,606.0 million, respectively, were classified as amounts due to the Remaining Group. We had net current liabilities during the Track Record Period primarily because we utilised short-term liabilities (principally the amounts due to the Remaining Group) to fund the development of our investment properties or properties under development, both of which are accounted for as non-current assets. Additionally, all amounts due from the Remaining Group were settled prior to 31 December 2012, which resulted in a decrease in our total current assets. We expect all of our amounts due to the Remaining Group to be capitalised prior to the Listing.

Our success depends on the continued services of our senior management team.

Our success depends on the continued services provided by our executive Directors and our senior management team. A majority of our senior management team are highly experienced, having worked in their respective industries for more than 10 years. In particular, Sir Gordon Ying Sheung WU, one of our founders who currently serves as an executive Director and our chairman, and Mr. Thomas Jefferson WU, an executive Director and our managing Director, both have a long history of experience and successful leadership in the property and hospitality industries. Both have been recognised repeatedly for their leadership and management skills and have consistently demonstrated an ability to identify and act upon market opportunities. As a result of their in-depth knowledge and understanding of the property and hospitality industries, we have been able to capitalise on important market trends and execute many successful development projects and ventures. Competition for talented employees is intense in the property and hospitality industries due to the service-oriented and labour intensive nature of these industries, which has resulted in a reduced pool of suitable candidates. If members of our core management team leave or retire from the Group and we fail to find suitable replacements, and if we cannot attract, train and retain suitable staff, our business and future growth will be materially and adversely affected.

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

We may be involved in disputes arising out of the development, completion, delivery, leasing or sale of our properties with contractors, suppliers, construction workers, tenants, residents in our properties or those in surrounding areas, joint venture partners, business partners, leasing agents, purchasers or other parties. These disputes may lead to protests or legal or other proceedings and may damage our reputation and divert our resources and management's attention. We may incur significant costs in defending ourselves in such proceedings, and if we are not successful in defending ourselves in such proceedings, we may be liable for damages, the amount of which may be significant.

In addition, we may have disagreements with regulatory bodies in the course of our business operations which may subject us to administrative proceedings or unfavourable decrees that may result in liabilities and/or impede the progress of our property developments. For example, a potential disagreement currently exists regarding a narrow strip of land of approximately 250 sq. ft. on which a small part of Hopewell Centre was erected and currently stands, and which was, by mistake, not included in a new lot of land re-granted to the Group by the Hong Kong Government during a land exchange exercise. As a result of this mistake, the DOL may either require us to: (i) demolish the part of the building standing on the 250 sq. ft. strip and deliver vacant possession to the Hong Kong Government; or (ii) pay a premium in respect of the 250 sq. ft. strip. While we are of the opinion that the matter does not prevent us from having a marketable title to Hopewell Centre, defending or rectifying the matter may result in significant fees or other negative consequences. For more information, please refer to “*Business — Legal Compliance and Other Matters*”.

The occurrence of any of the above events may materially and adversely affect our business, results of operations and financial condition.

Failure to comply with our environmental responsibilities may materially and adversely affect our operations and profitability.

We are subject to extensive and increasingly stringent environmental protection laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees and provide for the shutdown by governmental authorities of any construction sites not in compliance with governmental orders requiring the cessation or cure of certain activities causing environmental damage. In addition, there is a growing awareness of environmental issues and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. We have adopted environmental protection measures, including conducting environmental assessments on our property construction projects and hiring construction contractors who have good environmental protection and safety track records and requiring them to comply with the relevant laws and regulations on environmental protection and safety. In addition, we cannot assure you that more stringent environmental protection requirements will not be imposed in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations in relation to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which may have a material and adverse effect on our business, results of operations and financial condition.

We may suffer losses arising from uninsured risks.

We have insurance in place in relation to our completed properties and in relation to our properties under development. For more information, please see “*Business — Insurance*”. Our insurance may not fully indemnify us for all potential losses, damages or liabilities related to our properties. Such exposures include potential losses which may arise as a result of war, terrorism, pollution, fraud, professional negligence and acts of God. Our insurers may become impaired and find themselves financially unable to meet claims. We may not have sufficient funds to cover any losses, damages or liabilities or to replace any property that has been destroyed in the course of our operations if such damages, losses or liabilities arise from events for which we do not have any or adequate insurance coverage. The occurrence of any of the above events and the resulting payments we make may have a material and adverse effect on our business, results of operations and financial condition.

The Controlling Shareholder has substantial control over the Company and its interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the Global Offering, Hopewell will remain as a controlling Shareholder of the Company with substantial control over its issued share capital. Subject to the Articles of Association of the Company and the Companies Ordinance, the Controlling Shareholder, by virtue of its controlling beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meetings of the Shareholders and at Board meetings. Such matters include:

- election of Directors;
- selection of senior management;
- amount and timing of dividend payments and other distributions;

- acquisition of, or merger with, other entities;
- overall strategic and investment decisions;
- issuance of securities and adjustments to our capital structure; and
- amendments to the Articles of Association.

The interests of the Controlling Shareholder may differ from the interests of other Shareholders and it is free to exercise its votes according to its interests. To the extent that the interests of the Controlling Shareholder conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

Our future dividend payments and policy will be subject to the discretion of the Board.

The amount of any dividends that we may declare and pay in the future will be subject to the discretion of the Board and will be based upon our earnings, cash flow, financial condition, capital requirements, distributable reserves and any other conditions that the Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into from time to time. The amounts of distributions that any company within the Group or Hopewell has declared and made in the past are not indicative of the dividends that we may pay in the future.

RISKS RELATING TO THE PROPERTY AND HOSPITALITY INDUSTRIES

We face significant competition that could adversely affect our business and financial condition.

The retail, office and residential property industry in Hong Kong is highly competitive. We compete for tenants and customers with developers, owners and operators of office and residential properties, many of which own properties similar to ours. We also compete with other property companies in Hong Kong for property acquisitions and property-related investments.

Our hotel and convention and exhibition venue are also facing significant competition from other hotels or resorts or convention and exhibition venues located in Hong Kong, Macau and Singapore. For example, the two new integrated resorts in Singapore which opened in 2010 have drawn many international conventions and exhibitions to Singapore. Our convention and exhibition venue may soon compete directly with new developments in Zhuhai, China and new arts and cultural venues to be opened in conjunction with the West Kowloon Cultural District project in Hong Kong.

Our success depends on a number of factors, some of which may be outside our control, including rental rates and daily room rates, supply of premises or rooms in the market, attractiveness of our property locations, attractiveness of our competitors' facilities and services, quality of the property, breadth and quality of services provided, recognition of our brands and local economic and business activity. An inability on our part to compete effectively may materially and adversely affect our business, results of operations and financial condition.

The Hong Kong hospitality industry relies on potential customers' desire, willingness and ability to travel to and reside in Hong Kong and the prevailing economic conditions and regulatory environment.

We own Panda Hotel and GardenEast (serviced apartments) and are currently planning the development of Hopewell Centre II (which will include hotel facilities). These properties expose us to risks that are common to the hospitality industry. Historically, the hospitality industry relies on potential customers travelling to Hong Kong on both short-stay and long-stay bases. Their desire, willingness and ability to travel to and reside in Hong Kong may be affected by a number of external factors not within our control, including adverse local or global economic conditions, visa restrictions (such as laws and regulations which limit the number of daily mainland Chinese travellers allowed to travel to Hong Kong), travel disruptions, viral epidemics and fluctuations in exchange rates. We cannot predict the occurrence of these events or the extent to which they will directly or indirectly impact the hospitality industry. In addition, the Hong Kong Government is currently conducting a review on Hong Kong's tourism policy. The Chief Executive of Hong Kong was reported earlier this year as saying that Hong Kong's tourism policy should aim to bolster Hong Kong's social and economic benefits and not just increase the number of visitors. As such, the Hong Kong Government may introduce restrictions or limitations on visitors to Hong Kong that may, in turn, adversely affect the hospitality industry.

The recent European debt crisis and the slowdown in the Chinese economy has led to fluctuations in the global economy such as fewer jobs being created at local companies and multinational companies with offices in Hong Kong. This could materially affect the demand for serviced apartments and hotels and could adversely affect our business. In addition, during periods of financial uncertainty, our operations could be vulnerable to reduced business travel, decreased consumer spending and reduced disposable income, all of which may result in reduced demand for hotel rooms and serviced apartments and downward pressure on daily room rates or rental rates.

Working expatriates form a major source of demand for our serviced apartments and such persons often move to Hong Kong to work for multinational corporations or firms that have set up regional headquarters and offices in Hong Kong. The attractiveness of Hong Kong to such multinational corporations and their employees and the associated business-related travel is influenced by: (i) the political and economic stability of Hong Kong and mainland China; (ii) Hong Kong's regulatory, legal, tax and financial framework; (iii) Hong Kong's environment and levels of pollution; and (iv) Hong Kong's transport and infrastructure. Any adverse changes to the above factors could materially and adversely affect our business, results of operations and financial condition in the future.

We are exposed to seasonal volatility in the overall hospitality and large scale convention and exhibition market in Hong Kong.

In Hong Kong, the demand for our services, including hospitality, convention and exhibition and banquet services, are subject to seasonal fluctuations. The peak period for our convention and exhibition service spans from April to October, while the peak period for our banquet services spans from December to April. In addition, demand for our banquet services typically increases on dates that are believed to be auspicious under the Chinese lunar calendar. For example, our banquet revenue experienced increases between the months of December and April during the Track Record Period (ranging from approximately 20% to over 100% as compared to the average banquet revenue). These increases are also the result of the many holidays and festivals that occur during this period. While our hotel faces less fluctuation and maintains a relatively high occupancy rate throughout the year, our hotel business does experience fluctuations from time to time. For example, our hotel experienced lower monthly occupancy rates (approximately five to ten percent lower as compared to the average occupancy rate) in the month after the summer holidays and in the month after Christmas in 2012. While measures have been incorporated to address the seasonal fluctuations for our businesses, comparisons of results of operations between different periods within a single financial year may not be meaningful and should not be relied upon as indicators of our performance.

The occupancy rates of, and revenues generated by, Panda Hotel and, as a result, its asset value, may be viewed as more volatile than those of other classes of real estate.

Unlike other classes of real estate such as office buildings and retail premises, hotels, by their nature, generally do not have occupants who are committed to medium- and long-term contractual rental payments. Hotels can also experience high variability in occupancy rates at different times due to external factors outside of our control. In addition, in the case of Panda Hotel, a sizable proportion of its revenue is generated by its restaurant and catering operations. See "— *Risks Relating to the Property and Hospitality Industries*" for details of certain factors affecting the results of operations of Panda Hotel. This in turn means that the occupancy rates of, and revenues generated by, Panda Hotel and, as a result, its asset value, may be viewed as more volatile than those of other classes of real estate.

The hospitality industry has a significant amount of fixed costs and we may be subject to increases in such costs.

The operation of our hotel, as well as the restaurants and other associated facilities within the hotel, involve a significant amount of fixed costs. Such fixed costs include maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions. Should the hospitality industry decline and occupancy or daily room rates be adversely affected, or should the demand for our restaurant services at our hotel be reduced, we may not be able to avoid a negative impact on our business. The occurrence of any of the above events may have a material and adverse effect on our business, results of operations and financial condition.

Our business is subject to government policies and regulations, and in particular, we are susceptible to changes in policies related to the Hong Kong property industry.

Our business is subject to government policies and regulations, and in particular, we are susceptible to changes in policies related to the Hong Kong property industry. The Hong Kong Government has recently implemented a series of policies and regulations to slow down the property market and inflation of property prices, as well as to dampen property speculation. These policies and regulations include, but are not limited to, many taxes and duties, such as (i) the recently modified *ad valorem* stamp duty, which applies to both residential and commercial property, save for residential property acquired by a permanent resident of Hong Kong who does not own any other residential property at the time of acquisition; (ii) the special stamp duty, which is imposed on disposal of properties in Hong Kong made within 36 months after acquisition; and (iii) a buyer's stamp duty on residential properties purchased by any person (including a company incorporated) except a permanent resident of Hong Kong.

In addition to these policies, the Hong Kong Government may enact such regulations as increased mortgage down payments, supply of land controls, building regulations, environmental-related regulations and other fiscal policies. Furthermore, the Hong Kong Government has indicated that it may, in the future, make available a large quantity of existing government buildings for use as offices, conference centres and exhibition halls. These policies, regulations and plans, as well as any future policies enacted with regard to commercial or residential property ownership, could materially and adversely impact the Hong Kong property market or the supply of available land. In addition, these may adversely impact the future sale of our residential properties, particularly those located at the 200 Queen's Road East Project. We cannot assure you that the Hong Kong Government will not adopt additional and more stringent industry policies or regulations in the future, which in turn may materially and adversely affect our business, results of operations and financial condition.

Failure to comply with relevant quality control and sanitation requirements may adversely affect our operations and profitability.

As we provide food and beverage and banquet services at our hotels and convention and exhibition venue, we are subject to the inherent risk of our products being found to be unfit for consumption or to cause illness due to contamination or degeneration, tampering by third parties or other problems arising during the various stages of procurement, transportation, preparation and storage. The occurrence of such problems may result in customer complaints or adverse publicity which could cause serious damage to our reputation and brand and which may discourage consumers from using our services.

Additionally, we are subject to extensive and stringent health and sanitation policies that impose fines and/or suspension or revocation of licenses for violation of such laws, regulations or decrees. Furthermore, these regulations are constantly evolving, and we cannot assure you that the Hong Kong Government will not impose additional or stricter laws or regulations, the compliance with which may cause us to incur significant costs which we may be unable to pass on to our customers. If we fail to comply with existing or future health and sanitation laws and regulations or fail to meet public expectations in relation to health and safety, our business, results of operations, financial condition and reputation may be materially and adversely affected.

Our hotel business could be adversely and materially affected by a material disruption of our information systems.

Our hotel relies on the efficient and uninterrupted operation of its information systems. For example, we depend on our information systems for hotel bookings made directly, via telephone, by travel agents, online through our website and through our online reservations partners. In addition, our hotel depends on our information systems to run our day-to-day operations, including among others, hotel services and amenities such as guest check-in and check-out, housekeeping and room service, as well as methods for tracking and reporting the financial results of our hotel.

Our information systems are vulnerable to damage or interruption from circumstances beyond our control, including but not limited to, fire, power loss, telecommunications failures, computer viruses, break-ins and similar events. Any damage caused by such events may result in interruptions to input, retrieval and transmission of data and may also result in an increase in service time which could disrupt our normal operations. In addition, if our information systems are materially disrupted and our redundant systems or disaster recovery plans cannot address such disruptions, we may not be able to restore our operation capacity within a sufficiently adequate time frame to avoid a negative impact on our business. The occurrence of any of the above events may have a material and adverse effect on our business, results of operations and financial condition.

Our operations and prospects may be materially and adversely affected by a recurrence of SARS, an outbreak of other epidemics or natural disasters.

Any recurrence of Severe Acute Respiratory Syndrome (SARS) or an outbreak of any other epidemic in places where we operate, such as influenza A (H1N1) and avian flu (including H5N1 and H7N9), may result in material disruptions to our and our tenants' operations.

Natural disasters or other catastrophic events such as earthquakes, floods or severe weather conditions affecting the regions where we operate could, depending upon their magnitude, significantly disrupt our business operations or cause a material economic downturn in the affected areas, which in turn could materially and adversely affected our business, results of operations and financial conditions.

The opening of various transportation infrastructure projects in 2015 and beyond may have an adverse effect on the demand for hotels in Hong Kong.

Integration between mainland China and Hong Kong is expected to further increase with the completion of various transportation infrastructure projects in 2015 and beyond, including the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macau Bridge, Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass. As a result, visitors from mainland China may have easier and faster means of travel to and from Hong Kong, which may lead to more same-day visitors from mainland China and fewer visitors from mainland China requiring overnight accommodations in Hong Kong. This may in turn adversely affect overall demand for the hotel industry. We derive a sizable portion of our revenue from our hotel, restaurant and catering operating segment from, amongst others, overnight visitors from mainland China. Accordingly, the completion and opening of any or all of the above transportation infrastructure projects may have a material adverse effect on our business, results of operations, financial condition and prospects.

RISKS RELATING TO THE GLOBAL OFFERING

There is no existing public market for the Shares and their liquidity and market price may fluctuate.

Prior to the completion of Global Offering, there was no public market for the Shares. We have applied for the offering of, and permission to deal in, the Shares on the Stock Exchange. The offering, however, does not guarantee that an active trading market for the Shares will develop, or, if it does develop, that following completion of the Global Offering, it will be sustained or that the market price of the Shares will not fluctuate. In addition, we cannot assure you that the offering will result in the development of an active and liquid public trading market for the Shares. Furthermore, the price and trading volume of the Shares may be volatile. Factors that may affect the volume and price at which the Shares will trade include:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects by us or our competitors;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- potential litigation or regulatory investigations; and
- general economic, market or regulatory conditions or other developments affecting us or our industry.

Shareholders' interests in the share capital of the Company may be diluted in the future. We may in the future expand our capabilities and business through acquisition, joint venture and strategic partnership with parties who can add value to our business. We may require additional equity funding after the offering and the equity interest of Shareholders will be diluted should the Company issue new Shares to finance future acquisitions, joint ventures and strategic partnerships and alliances.

The sale of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares.

Future sales of a substantial number of the Shares by the current Shareholders could negatively impact the market price in Hong Kong of the Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by the Hopewell Controlling Shareholders are subject to certain restrictions regarding their disposal for a period of six months after the date on which trading in the Shares commences on the Stock Exchange. We cannot assure you that the current Shareholders will not dispose of any Shares they own now or may own in the future.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, Hopewell's business, our industry and the Global Offering.

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media, and/or research analyst coverage regarding us, our business, Hopewell's business, our industry and the

Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding the Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by us or any of the Relevant Parties and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon the facts and statistics contained in this prospectus.