An investment in our shares involves various risks. Before investing in our Company, you should carefully consider all of the information set forth in this prospectus, and in particular, the specific risks set out below. Any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition and results of operations or the trading price of the Shares, and could cause you to lose your investment. Additional risks that we currently believe are immaterial or which are currently unknown to us may arise or become material in the future and may have a material adverse effect on our Group. These risks should also be considered in connection with the reservations in the section entitled "Forward-looking Statements" in this prospectus.

RISKS RELATING TO OUR BUSINESS

We are heavily dependent on the performance of and policies affecting the PRC property market, particularly in Guangdong Province

Our business and prospects depend heavily on the performance of and policies affecting the PRC property market. Any housing market downturn or policy change in the PRC generally or in the regions where we have property developments could adversely affect our business, financial condition and results of operations. Most of our property developments are located in Guangdong Province. As of October 31, 2013, we had 70 projects at various stages of development, of which 53 were located in Guangdong Province. Sales of residential property projects in Guangdong Province and Guangxi Province accounted for the majority of our revenue from sales of properties during the Track Record Period. Going forward, we intend to maintain our focus on the property markets in Guangdong and Guangxi Provinces, while selectively increasing our presence in other markets in the PRC which we believe have high growth potential, including the Chengdu-Chongqing and Bohai Bay economic regions. As such, our business is and may continue to be heavily dependent on the continued growth of the property market in Guangdong and Guangxi Provinces and any adverse developments in the supply and demand or decline in property prices in Guangdong and Guangxi Provinces would have an adverse effect on our results of operations and financial condition. In addition, future demand for different types of residential properties is uncertain. If we fail to respond to changes in market conditions or customer preferences in a timely manner or at all, our business, financial condition and results of operations will be adversely affected.

The PRC property market is affected by many factors, including changes in the PRC's social, political, economic and legal environment, changes in the PRC government's fiscal and monetary policy, the lack of a mature and active secondary market for residential and commercial properties and the relatively limited availability of mortgage loans to individuals in the PRC. Demand for residential properties in the PRC, particularly in Guangdong Province, has grown significantly in recent years, but such growth is often coupled with volatility in market conditions and fluctuations in property prices. In particular, China's property market is affected by the recent slowdown in China's economic growth, with China's yearly real GDP growth rate decreasing from 10.4% for 2010 to 9.3% for 2011 and 7.8% for 2012. A number of factors have contributed to China's economic slowdown, including the appreciation of the Renminbi and tightening macroeconomic measures and monetary policies adopted by the PRC government aimed at preventing the overheating of China's economy, controlling China's high level of inflation, and stabilizing the growth of specific sectors, including the property market. Due in large part to such control measures, including home purchase restrictions and credit tightening policies, property markets in certain cities had experienced decreases in both trade volume and sale prices in recent periods. Please also refer to the section entitled "—Risks relating to Property

Development in the PRC—PRC government policies, regulations and measures intended to discourage speculation in the property market may adversely affect our business" in this prospectus. We cannot assure you that property sales will return to past levels or that we will be able to benefit from any future growth in the property market in Guangdong Province or elsewhere in the PRC. Any further decline in property sales or decrease in property prices in the PRC generally or in the regions where we have property developments could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the PBOC increased the benchmark one-year lending rate three times in 2011, and subsequently decreased the benchmark one-year lending rate in June and July 2012, resulting in a new benchmark one-year lending rate of 6.00%. As of the Latest Practicable Date, the benchmark one-year lending rate was 6.00%. The PBOC may further increase or decrease the benchmark one-year lending rate in the future. Increases in interest rates may increase our finance costs and make mortgage financing more expensive for our potential customers, which may have a material adverse effect on our business, financial condition and results of operations. For further information on the recent increases in interest rates, please refer to the section entitled "—Risks relating to Property Development in the PRC—Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this prospectus. Any other adverse developments in national and local economic conditions as measured by factors such as inflation, employment levels, job growth, consumer confidence and population growth, particularly in the regions where we operate, may affect demand for our projects and would have a material adverse effect on our business, financial condition and results of operations.

The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business

The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also had a negative impact on property markets and property prices in the PRC. For example:

- the economic slowdown and credit tightening measures have reduced the demand for residential and commercial properties and resulted in a reduction of property prices; and
- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financing.

In addition, recent global market and economic conditions, including the European sovereign debt crisis, the credit rating downgrade of the United States and heightened market volatility in major stock markets, have been unprecedented and challenging. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, the willingness of potential property purchasers to purchase our properties, which may lead to a decline in the general demand for our projects and decrease in their selling prices. In addition, any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, our business, financial condition and results of operations could be materially and adversely affected.

As we expand into new markets, we may not be able to replicate the success we have achieved in our core markets or successfully manage our expanded operations

We have been expanding our operations in recent years and expect to continue expanding. As of the Latest Practicable Date, we had continued to focus our business on our core markets in Guangdong Province and Nanning, the largest city in Guangxi Province, where a majority of our projects are located. As of the Latest Practicable Date, we also had projects at various stages of development in Sichuan Province and Hainan Province. In addition, we plan to increase our investments in the Chengdu-Chongqing economic region and monitor opportunities for expansion into the Bohai Bay economic region of northeast China and other high-growth regions in China.

However, our experience in our core markets and quick development operation model may not be readily transferable to other regions. For further information on our quick development business model, please see the section entitled "Business—Standardization" in this prospectus. Markets in other regions may differ from our core markets in terms of customer tastes, behavior and preferences. We will have limited ability to leverage our established brands and reputation in these new markets in the way that we have done in our core markets. Furthermore, the administrative, regulatory and tax environment in such new cities may differ substantially from those in our core markets, and we may face additional expenses or difficulties in adapting to such procedures and complying with such environment. In addition, as we enter new markets, we may not have the same level of familiarity with local contractors, suppliers and other business partners, business practices and customs as we do in our core markets, and we may face higher costs and more intense competition from established property developers with experience in those markets.

As we continue to expand, we will have to continue to improve our managerial, technical and operational knowledge and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business. Neither can we assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition and results of operations.

We may not be able to obtain adequate funding or capital on commercially favorable terms for land acquisitions or property developments

The property development business in the PRC is capital intensive. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for and development of our property development projects. During the Track Record Period, our principal sources of funds to finance our working capital, capital expenditures and other capital requirements were bank loans and internally generated cash flows (including proceeds from the pre-sales and sales of our projects).

However, we cannot assure you that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund land acquisitions or property developments. In addition, we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all. As of October 31, 2013, our outstanding long-term and short-term bank borrowings were RMB5,490.2 million and RMB2,162.1 million, respectively. Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors, many of which are beyond our control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers. For more information, please see the section entitled "—Risks relating to Property Development in the PRC—The PRC property market is heavily regulated and subject to PRC government policies, regulations and measures intended to discourage speculation in the property market" in this prospectus.

In addition, the PBOC regulates and continually adjusts the lending rates and reserve requirement ratios for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks for property developers and leveraged property buyers.

We expect that increases in interest rates and reserve requirement ratios, if any, would increase our finance costs in general. For more information, please see the section entitled "—Risks relating to Property Development in the PRC—Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this prospectus. Our interest expenses on bank loans and other borrowings in 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB251.4 million, RMB342.3 million, RMB494.0 million and RMB243.5 million, respectively. We currently do not hedge our interest rate risk. Although we may do so in the future, we cannot assure you that such hedging will be sufficient to offset our interest rate risk. Any further increases in interest rates on our bank borrowings, including as a result of interest rate increases by the PBOC, could have a material adverse effect on our business, financial condition and results of operations.

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. In November 2009, the PRC government raised the minimum down payment of land premium to 50%. In March 2010, this requirement was further tightened. The PRC government set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at no less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant transaction is closed, and the down payment of 50% of the land premium is to be paid within one month of the signing of the land grant contract, with the balance to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract, subject to limited exceptions. Such policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments.

We cannot assure you that the PRC government will not introduce other initiatives which may limit our access to capital resources or increase our finance costs. The foregoing and other initiatives introduced by the PRC government may limit our flexibility and ability to use bank loans or other forms of financing to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to obtain land use rights certificates or other requisite government approvals or registrations for our current projects or for projects we may acquire in the future

The property development industry in the PRC is heavily regulated by the PRC government. PRC property developers must comply with various requirements provided by national and local laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licenses, certificates and approvals from the relevant authorities at various stages of the property development process, including land use rights certificates, planning permits, construction commencement permits, pre-sale permits and completion certificates. Each approval or renewal is dependent on the satisfaction of certain conditions. We cannot assure you that we will not encounter material delays or other impediments in fulfilling the conditions necessary for the approvals, or that we will be able to adapt ourselves in a timely and effective manner to new laws, regulations or policies that may come into effect from time to time with respect to the property development industry. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, the requisite government approvals or renewals, the schedule of development and sales of our developments could be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

In particular, in order to develop and sell properties in the PRC, property developers are required to obtain land use rights certificates from the relevant government authorities. The land use rights certificate in respect of a piece of land will not be issued until the developer has entered into a land grant contract with the relevant authorities, made full payment of the land premium and complied with the land use rights and any other land grant conditions. Please see the Property Valuation Report in Appendix III to this prospectus and the section entitled "Business—Our Property Projects—Description of Our Projects" in this prospectus for more details on land sites for which we have land grant contracts but no land use rights certificates, classified as projects contracted to be acquired.

As of the Latest Practicable Date, we had obtained the land use rights certificates for all of our 70 projects. However, we cannot assure you that the Ministry of Land and Resources or its local branches will grant us the appropriate land use rights certificate in respect of any land we may acquire in the future in a timely manner, or at all, in the event of force majeure or governmental acts. If we cannot obtain land use rights certificates in respect of any land we may acquire in the future, we may not be able to construct, lease or sell the relevant projects which could have a material adverse impact on our results of operations, financial condition and business prospects.

We have entered into numerous agreements with various government authorities with the intention to facilitate obtaining the land use rights certificates for certain parcels of land located in China. Under relevant PRC laws and regulations, we are required to fully pay the land premium under these contracts before we will be able to obtain the relevant land use rights certificates. There are risks with respect to the enforcement of these agreements, particularly in light of their relatively long execution periods, in some cases, and potential changes in PRC government policies. There can be no assurance that PRC government policies related to our projects will not change in the future or that there will not be changes in the manner of the implementation of these agreements. Further, there can be no assurance that there will not be modifications to these agreements as to terms that are favorable to us, including changes in the price of the land use rights to the land parcel concerned. In addition, the law and practice relating to the enforcement of contracts and agreements against PRC government entities involve uncertainty, and there can be no assurance that title to the land parcels subject to these agreements will be eventually obtained. If any of these agreements is not implemented as agreed, our business, financial condition and results of operations may be materially and adversely affected. For more details on some of our recent agreements, please refer to the section entitled "Business—Our Property Projects—Description of Our Projects" in this prospectus.

A default under any of our lending or financing agreements could result in enforcement against the security we have granted

We have maintained a significant level of indebtedness, a substantial portion of which is primarily secured by our legal interests in various properties and buildings. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total current and non-current borrowings, which included our bank loans and other loans, were RMB5,180.3 million, RMB6,024.1 million, RMB6,618.3 million and RMB8,048.5 million, respectively, and our current ratio was 1.7, 1.4, 1.4 and 1.4, respectively, calculated by dividing our current assets by our current liabilities as of the applicable dates. For further information relating to our indebtedness, please refer to the section headed "Financial Information—Indebtedness and Contingent Liabilities" in this prospectus.

We cannot assure you that we will be able to generate sufficient cash flow from operations to meet our payment obligations under our current outstanding debt. If we are unable to make scheduled payments in connection with our debt and other payment obligations as they become due, we may need to re-negotiate the terms and conditions of such obligations or to obtain additional equity or debt financing, failing which we may default on such repayment (or other) obligations. We cannot assure you that any such renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk (or otherwise) and we fail to raise financing through other means, we may breach our repayment (and/or other) obligations. In the event of a default, our lenders can enforce their rights against us, including enforcing their rights against our pledged collateral and other security under the relevant financing agreements.

We cannot assure you that we will be able to continue meeting all of our obligations under the bank and other loans. We also cannot assure you that the assets we have pledged to our lenders or trust financing companies will not be subject to enforcement actions, in which case we may lose control and ownership of a number of projects and our business, financial condition and results of operations may be materially and adversely affected.

Changes in the fair value of our investment properties may have a significant impact on our results of operations

We are required to reassess the fair value of our investment properties on 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 consolidated income statements in the period in which they arise. You should note that the fair value gains or losses in our investment properties represent unrealized capital gains and do not change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our net profit margins were 32.9%, 36.6%, 27.6% and 13.3%, respectively, reflecting net increases in the fair value of our investment properties of RMB695.8 million, RMB863.7 million, RMB836.7 million and RMB40.5 million, respectively. Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. The amount of revaluation adjustments has been, and continues to be, subject to market fluctuations. We cannot assure you that changes in market conditions will continue to create fair value gains on our investment properties at the previous levels or at all, or that the fair value of our investment properties will not decrease in the future. In particular, a significant portion of our net increase in fair value of investment properties during the Track Record Period was attributable to our only commercial property, Logan Century Center, which contributed RMB510.8 million, RMB742.9 million, RMB380.0 million and nil to our net increase in fair value of investment properties in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. For more information on our net increase in fair value of investment properties, see the section entitled "Financial Information—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" in this prospectus. We cannot assure you that going forward fair value gains relating to Logan Century Center will recur at the previous levels or at all. In addition, the fair value of our investment properties may materially differ from the amount we will receive in actual sales of the investment properties. Any significant decreases in the amount we receive in actual sales of our investment properties would materially and adversely impact our results of operations.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties

We had investments or held interests in approximately 118,712 sq.m. of investment properties as of June 30, 2013. As of December 31, 2010, 2011 and 2012 and June 30, 2013, the fair value of our investment properties was RMB1,892.0 million, RMB2,875.0 million, RMB3,736.0 million and RMB3,777.0 million, respectively. We expect to increase our investment property portfolio in the future. Any form of real estate investment is illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We also cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, we may also need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

Furthermore, aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. However, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may adversely affect our business, financial condition and results of operations.

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

We may, from time to time, be involved in disputes and claims with various parties involved in the development and the sales of our properties, including contractors, suppliers, construction companies, business or joint venture partners and purchasers. These disputes and claims may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention from our core business activities. Purchasers of our properties may take legal action against us if our developed properties are perceived to be inconsistent with our representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, in respect of which we may face administrative proceedings and unfavorable decisions that may result in liabilities and cause delays to our property developments. We may be involved in other proceedings or disputes in the future that may have a material adverse effect on our business, financial condition and results of operations.

We guarantee the mortgage loans provided to our customers and consequently are liable to the mortgagee banks if our customers default on their mortgage payments

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers until we complete the development of the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our customers followed by the completion of mortgage registration procedure. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgage bank may auction the underlying property and recover any shortfall from us since we are the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations of mortgage banks. During the Track Record Period and up to the Latest Practicable Date, we encountered 40 incidents of default by purchasers for whom we had guaranteed mortgage loans, which involved an aggregate default payment of RMB1.4 million.

As of June 30, 2013, our outstanding guarantees in respect of our customers' mortgage loans were RMB2,343.2 million. Should any material default occur and if we are called upon to honor our guarantees, our business, financial condition and results of operations could be adversely affected.

We may not be able to obtain land that is suitable for property development or maintain our land bank at a cost comparable to our historical cost level

To maintain and grow our business in the future, we will be required to continually replenish and increase our land bank with suitable land for development at commercially acceptable prices. Our ability to identify and acquire suitable land is subject to a number of factors, some of which are beyond our control. We must identify land that has potential for future development ahead of our competitors. However, we cannot assure you that the land identified and acquired by us will be suitable for development or offer the return we desire.

During the Track Record Period, we primarily acquired land through participation in the government public tender, auction or listing-for-sale land grant process and through the acquisition of property development companies or land use rights from other developers. The availability and price of land sold depend on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels pursuant to specific regulations. All these measures further intensify the competition for land in China among property developers. As we expect our cost of acquiring land use rights to further increase in the future, our gross profit margin and our ability to maintain our land bank at a cost comparable to our historical cost level may be materially and adversely affected. For instance, Provence was one of our major projects during the Track Record Period in terms of turnover. The various land grant contracts in relation to Provence were executed between 2006 and 2012. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the average land cost of Provence recognized in direct costs amounted to RMB460 per sq.m., RMB460 per sq.m., RMB374 per sq.m. and RMB469 per sq.m., respectively. Such costs are significantly lower than the average land cost of the most recent land parcel for Provence we acquired in December 2012, which was RMB1,892 per sq.m. If the average land cost of Provence recognized in direct costs during the Track Record Period had been adjusted to RMB1,892 per sq.m., our gross profit margin would have been 21.4%, 35.0%, 36.4% and 30.5% in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, as compared to the actual gross profit margin of 27.4%, 40.2%, 38.9% and 30.8%, respectively. If we fail to obtain suitable land for development at commercially acceptable prices that allow us to achieve reasonable returns upon sales of properties, the benefits we have enjoyed from having a land bank comprising land we acquired at competitive prices may not recur in the future, and our business, financial condition and results of operations will be materially and adversely affected as a result.

We may not be able to successfully complete projects that we are currently developing, or plan to develop, in a timely manner or at all

At any point in the planning or development of a project, we could face, among other things, regulatory changes, financing difficulties, inabilities or difficulties in obtaining the required government approvals or government-mandated changes in our property development business, any of which could delay, increase the cost of, or prevent the completion of any such projects. We may also delay or revise our plans for property developments due to a variety of factors, including changes in market conditions, a shortage or increase in the prices of construction materials, equipment or labor, labor disputes or disputes with our contractors and subcontractors. We may commit significant time and resources to a project before determining that we are unable to complete it successfully, which could result in a loss of some or all of our investment in such project. If the delivery delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the property sale and purchase contract, the purchaser may terminate the proposed sale and purchase contract, reclaim the deposit and claim damages. If we are unable to complete projects as planned, this may materially and adversely affect our business, financial condition and results of operations.

In addition, we have built and continue to build large-scale property development projects. Large-scale property development projects in general require substantial capital expenditures and we may incur significant costs in order to acquire the land and develop properties for these large-scale projects. We cannot assure you that our existing or future large-scale developments will be successful or that any such development will not encounter difficulties that may result in significant losses to our investment in such developments or costs relating to damages to purchasers, any of which could materially and adversely affect our business, financial condition and results of operations.

We recorded negative cash flows from operating activities in the past

In 2010 and the six months ended June 30, 2013, we recorded negative operating cash flows of RMB40.8 million and RMB910.5 million, respectively. For further information, please see the section entitled "Financial Information—Liquidity and Capital Resources—Cash Flow" in this prospectus. We cannot assure you that we will not experience negative operating cash flows in the future. If we continue to record negative operating cash flows in the future, our working capital may be constrained, which may materially and adversely affect our business, financial condition and results of operations.

We depend on cash flows from pre-sales of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of properties and may use pre-sales proceeds to finance only the developments wherein such properties are located. In the past several years, a number of government authorities and officials have proposed to limit or abolish the pre-sales of properties. These recommendations have not been adopted by the PRC government and have no enforceability. However, we cannot assure you that the PRC government will not ban or implement further restrictions on the pre-sales of properties, such as imposing additional conditions for pre-sale permits or further restrictions on the use of pre-sales proceeds. Any such measure will adversely affect our cash flows and force us to seek alternative sources of funding for our property development business.

We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner

Under current laws and regulations, we are required to submit the requisite registration applications in connection with our property developments, including the land use rights certificate, construction land planning permit, construction work planning permit, construction commencement permit and completion certificate, to the local house registration authority after the relevant properties are completed and apply for the general property ownership certificates in respect of the properties. The house registration authority shall record the registration information or reject the registration within 30 business days. We cannot assure you that we will not experience any unanticipated delays in obtaining such ownership certificates. In the case that a late delivery of any individual property ownership certificate is due to delays that are deemed to be caused by us, the purchaser would be able to terminate the property sales and purchase contract, reclaim the payment and claim damages, any of which could materially and adversely affect our business, financial condition and results of operations.

We are a holding company that is dependent on distributions from subsidiaries, and our ability to pay dividends and financial condition could be adversely affected if those distributions are not made in a timely manner or at all

We are a holding company and we conduct substantially all of our business through operating subsidiaries in the PRC. As a result, our ability to pay dividends to our Shareholders and our ability to repay debt, including debt that we may incur after this offering, is dependent upon cash dividends and distributions or other transfers from such PRC subsidiaries. Under PRC regulations, such subsidiaries may distribute to us their after-tax profits, as determined in accordance with the PRC accounting rules and regulations, only after they have made appropriate reserves to relevant statutory funds and withheld the appropriate dividend tax. The PRC accounting rules and regulations differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. Our operating subsidiaries that are wholly foreign-owned enterprises may not distribute their after-tax profits to us if they have not already made reserves to (i) their staff and workers' bonus and welfare fund at a percentage that is decided by their board of directors and (ii) their reserve fund at a rate of at least 10% of their annual net profit. A wholly-foreign-owned enterprise is required to continue making reserves to its reserve fund until such fund reaches 50% of its registered capital. The reserve fund is not distributable as cash dividends. Furthermore, restrictive covenants in bank credit facilities, joint venture agreements or other agreements that we may enter into in the future may also restrict the ability of our project subsidiaries to make contributions to us and our ability to receive distributions from them. These restrictions could reduce the amounts of distributions that we receive from our subsidiaries, which would restrict our cash flow and our ability to pay dividends and repay debt.

Our property valuation may differ materially from the actual realizable value of our properties, which is subject to change

The Property Valuation Report prepared by DTZ Debenham Tie Leung Limited is included in Appendix III to this prospectus. The valuations in the report are based upon certain assumptions, which, by their nature, are subjective, uncertain and may differ materially from actual results. With respect to properties under development and properties held for future development, the valuations are based on the assumptions that (i) the properties will be completed or developed as currently proposed, and (ii) regulatory and governmental approvals for the properties have been or will be obtained. These valuations are not a prediction of the actual value we may achieve from these properties. In addition, our property valuations are subject to change as a result of changes in market conditions. Unforeseen changes in a particular property development or in general or local economic conditions could affect the value of our properties and could adversely affect our business, financial condition and results of operations.

Since we recognize our sales revenues only upon delivery of the properties sold, our operating results fluctuate from period to period depending on the timing of completion of our projects

Our results of operations have varied in the past and may continue to fluctuate significantly from period to period in the future. In 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our turnover was RMB2,851.7 million, RMB3,447.5 million, RMB6,587.7 million, RMB1,566.4 million and RMB3,332.2 million, respectively, and we had net profit attributable to our equity shareholders of RMB926.3 million, RMB1,247.6 million, RMB1,794.1 million, RMB512.2 million and RMB435.4 million, respectively. Since we recognize proceeds from the sales of a property as revenue only upon the delivery of the property, our revenue and profit during any given period is affected by the quantity of properties delivered during that period. The quantity of properties delivered is largely a result of our property delivery schedule and may not be indicative of the actual demand for our properties or sales achieved during that period. Our revenue and profit during any given period generally reflect property investment decisions made by purchasers at some significant time in the past, typically at least in the prior fiscal period. Furthermore, fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses such as land premium, development costs, administrative expenses, selling and marketing expenses and changes in market demand for our properties. As a result, we believe that our operating results for any period are not necessarily indicative of results that may be expected for any future period. In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the plan of development and the sales of properties. This cyclicality, combined with the lead time required for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period.

We rely on independent contractors and other third parties for construction, labor, engineering subcontracting, design, property management, sales and other key aspects of our property development business

While we generally act as general contractor for our property development projects and conduct most of our engineering, design, sales management, marketing and customer service in-house, we rely on independent contractors to provide certain services relating to our projects, including construction, labor, engineering subcontracting, design, property management and sales. We cannot assure you that the services rendered by any of these independent contractors will always be satisfactory or meet our requirements for quality and safety. If the performance of any independent contractor is unsatisfactory, we may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of our projects. Moreover, we may incur additional costs due to a contractor's financial or other difficulties that may affect their ability to carry out the work for which they have been retained. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

If the performance of any of such independent contractors or third parties is not satisfactory to our customers, our reputation may suffer, which may adversely affect our business, financial condition and results of operations. In addition, a serious dispute with such independent contractors or third parties that we are unable to resolve could result in costly legal proceedings and therefore have a material adverse effect on our business, financial condition and results of operations. Furthermore, an increase in the cost of labor used by our contractors and other third parties engaged in our business may eventually be passed on to us in the form of higher contract fees at the time new contracts are entered into. Finally, because of our reliance on third parties, we have limited control over the costs related to the services they provide.

Our profit margin is sensitive to fluctuations in construction costs

Construction costs constitute one of the main components of our direct costs. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs, especially the costs of steel and concrete, have been the principal driver of the construction costs of our property development projects. There have been significant fluctuations in construction material costs during the Track Record Period. For example, in 2010, 2011 and 2012, the average market price for steel was US$616.2 per ton, US$684.9 per ton and US$583.2 per ton, respectively, which represented a year-on-year change of +11.1% and -14.8% in 2011 and 2012, respectively. In the first half of 2013, the market price for steel was US$559.0 per ton. We believe that construction costs may rise with inflation in the foreseeable future. For more information, see the section entitled "Financial Information—Key Factors Affecting Our Results of Operations—Construction Costs" in this prospectus. Construction costs may fluctuate as a result of the price volatility of construction materials such as steel and concrete. We currently do not, and do not expect to in the future, engage in commodities hedging activities. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), we will be required to re-negotiate existing construction contracts to top up payment to, or receive refund from, the contractors, depending on the price movement. Our profit margin is sensitive to changes in the market prices for construction materials and, as a result, our profit margins may be adversely affected.

We may suffer losses and be subject to liabilities that are not sufficiently covered, or covered at all, by insurance

We do not maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. We also do not require the construction companies we engage to maintain insurance coverage on our properties under construction. Please refer to the section entitled "Business—Insurance" in this prospectus. We cannot assure you that we will not be sued or held liable for damages due to liability from any related tortious acts. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we suffer from any such losses, damages or liabilities in the course of our operations and property development, we may not have sufficient funds to cover any related losses, damages or liabilities or to repair, replace or reconstruct any property developments that have been damaged or destroyed. Any payment we make to cover related losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

PRC tax authorities may challenge the basis on which we calculate our LAT obligations

Under PRC tax laws and regulations, our income from the sales of land use rights and buildings or related facilities on such land is subject to LAT. LAT is payable at progressive rates ranging from 30% to 60% of the appreciation in value, representing the balance of the proceeds received on such sales after deducting certain items, including payments made for the acquisition of land use rights, direct costs and expenses of the development of the land and construction of the buildings and structures tax related to the transfer of land use rights and properties, and other deductions prescribed by the Ministry of Finance. An exemption from payment of LAT may be available if (i) the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law, or (ii) the land and properties are recalled and requisitioned by the PRC government pursuant to applicable law for construction purposes.

On December 28, 2006, the State Administration of Taxation issued the Notice on the Relevant Issues on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》). This notice came into effect on February 1, 2007 and provides further clarity on when LAT becomes payable with respect to real estate development projects. First, the notice specifies that taxpayers are required to settle LAT for each real estate project developed, or if the project is developed in stages, for each stage of the project. Second, it provides that LAT will be imposed on taxpayers upon the occurrence of the following events: (i) when a real estate development is completed and completely sold; (ii) when a real estate development project without completion accounting is transferred as a whole to a third party; or (iii) when the taxpayer's land use right is directly transferred. Finally, it provides that LAT may be imposed on taxpayers upon the occurrence of the following additional events: (i) where a real estate development that has been completed and its transfer is approved, if the area transferred is greater than 85% of the total saleable area of the development, or, if the area transferred is less than 85%, where the retained area is leased or used by the developer; (ii) where the sale of a real estate development has not been finished after three years from the date that the sales or pre-sales permit was obtained; (iii) where a taxpayer applies to write off its tax registration but has not yet settled LAT; or (iv) where there are other circumstances as prescribed by the provincial tax authorities.

We have estimated and made full provisions for LAT in accordance with the applicable requirements set forth in the relevant PRC tax laws and regulations. In addition, we have paid LAT as it became due and payable, in accordance with PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our provision for LAT for 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 was RMB62.1 million, RMB138.9 million, RMB334.1 million, RMB70.9 million and RMB102.3 million, respectively. Our current provisions for LAT are based on our management's best estimates according to their understanding of the requirements discussed above. However, actual LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and PRC tax authorities may not agree with the basis on which we have calculated our LAT obligations. There can be no assurance that our current provisions for LAT are adequate or that the final outcome will not be different from the amounts initially recorded. In the event that our Group is required to settle any or all unpaid LAT, our cash flow and results of operations during the related period may be adversely affected.

We depend heavily on the continued services of our founder and Chairman, Mr. Ji Haipeng

Our success and growth depends on the continued services of Mr. Ji Haipeng, our founder and Chairman, who has 17 years of management experience in the PRC property development industry and in-depth knowledge of various aspects of property development and investment, as well as in highway, infrastructure and urban development. In addition, although Mr. Ji is covered by the general accidental injury and illness insurance we provide to our senior management, we have not taken out key man insurance for Mr. Ji. Competition for qualified and experienced personnel is intense in the property development sector and the pool of qualified candidates is very limited. The departure of Mr. Ji and any failure to find suitable replacements could have a material adverse effect on our business, financial condition, results of operations and prospects.

Conflicts of interest may exist between us and the Relevant Group

Our Group is principally engaged in the development of residential properties or mixed-use properties, which mainly represent residential properties with ancillary developments ancillary to our Group's residential projects, such as retail units, supermarkets and car parks, etc., in Guangdong Province. On the other hand, the Relevant Group, being companies controlled by our Controlling Shareholders, is principally engaged in Property Management Business, being property management business, carried out by Guangdong Logan Group Property Management Co., Ltd., and Hotel and Commercial Property Business, being hotel development business and commercial property development business, carried out by Logan Real Estate (collectively, the "Relevant Businesses"), which are not part of our core business and are not in line with our overall strategy to maintain and further strengthen our market position in the PRC.

Although our Directors is of the view that there is a clear delineation between the Relevant Businesses and our business, and that none of the Relevant Businesses would compete, or is expected to compete with our core business of residential property development and that a Deed of Non-Competition has been given by our Controlling Shareholders in favor of our Group, taking into account of the nature of the hotel-type serviced apartments developed by the Relevant Group, there is potential that future competition, although the chance of which is minimal, may arise between the hotel-type serviced apartments developed by the Relevant Group and the residential properties developed by our Group given the interests of our Controlling Shareholders may not be aligned with those of our other Shareholders.

These and other conflicts discussed above may have a material adverse effect on our business, results of operations, financial condition and prospectus. For further discussion regarding the potential competition that may exist in the future between our Group and the Relevant Group, please see the section entitled "Relationship with our Controlling Shareholders—Delineation of Business" in this prospectus.

If our completed property developments are not in compliance with the relevant land grant contracts, construction land planning permits, construction work planning permits or construction commencement permits, we will be subject to additional payments or be required to take corrective measures to cure such non-compliance

The local government authorities inspect our property developments after completion and, if the developments are in compliance with the relevant laws and regulations, issue us completion certificates or other comparable documents, based upon which we are able to deliver the completed properties to our purchasers. If, for any reason, the total constructed GFA of a property development exceeds the amount of GFA authorized in the relevant land grant contract, construction land planning permit, construction work planning permit or construction commencement permit, or if the completed property contains built-up areas that do not conform to the construction land planning permit, construction work planning permit or construction commencement permit, we may be required to make additional payments or take corrective measures with respect to such non-compliant areas before we are able to obtain a completion certificate for the property development. If we fail to obtain the completion certificates or other comparable documents due to such non-compliance, we will not be able to deliver the relevant properties or recognize the revenues from the relevant pre-sold properties and may also be subject to liabilities under the sales contracts. Please refer to the section entitled "—We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner" in this prospectus. We cannot assure you that the local government authorities will not find that the total constructed GFA or built-up areas of our existing projects under development or any future property developments exceed the relevant authorized GFA or are otherwise not in compliance with the relevant land grant contracts, construction land planning permits, construction work planning permits or construction commencement permits upon completion of our property development.

We may be subject to penalties and our land may be repossessed by the PRC government if we do not comply with the terms of our land grant contracts

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including terms relating to payment of premiums, designated use of land, time of commencement and completion of development), the relevant government authorities may issue a warning to or impose a penalty on the property developer, or may even repossess the land. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, under current PRC laws and regulations, if we do not commence development for more than one year from the commencement date of the construction and development work as agreed upon and stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice to us and impose an idle land fee of 20% of the land premium. If we do not commence development for more than two years from the commencement date of the construction and development work as agreed upon and stipulated in the land grant contract, the land may be subject to repossession by the PRC government without compensation unless the delay in development is caused by government actions, force majeure events or necessary preparatory work. Moreover, even if the commencement of land development is in conformity with the land grant contract, the land will be treated as idle land if (i) the developed area of land is less than one-third of the total area of the project under the land grant contract or the total capital invested is less than one-fourth of the total estimated investment of the project under the land grant contract and if (ii) the suspension of the development of the land exceeds one year in time. Current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before completion of the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession.

Potential liability for environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning protection of the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Compliance with environmental laws and conditions may result in delays in development, may cause us to incur substantial compliance and other costs and could prohibit or severely restrict project development activity in environmentally sensitive regions or areas. As required by PRC laws and regulations, we must undertake an environmental assessment with respect to each project we develop and submit an environmental impact assessment report to the relevant governmental authorities for approval before commencing construction. It is possible that there are potential or hidden material environmental liabilities of which we are unaware, which may have a material adverse impact on our business. In addition, we cannot assure you that our operations will not result in environmental liabilities or that our contractors will not violate any environmental laws and regulations in their operations that may be attributable to us.

We have been subject to negative publicity from time to time in connection with environmental issues, which may adversely affect our reputation and, consequently, our business and results of operations. See "—We may be adversely affected by inaccurate, false or negative media coverage."

We may be considered a "resident enterprise" under the CIT law and income tax on the dividends that we receive from our PRC operating subsidiaries may increase

Our Company is incorporated in the Cayman Islands and we conduct substantially all of our business through operating subsidiaries incorporated in the PRC. Under the CIT law, enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and thus will generally be subject to CIT at the rate of 25% on their global income. On December 6, 2007, the State Council adopted the Regulation on the Implementation of PRC Corporate Income Tax Law, effective as of January 1, 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises." Currently, most of our management is based in the PRC, and may continue to be based in the PRC in the future. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as in our case.

If we were considered a PRC resident enterprise, we would be subject to CIT at the rate of 25% on our global income, and any dividends received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the CIT law provides that dividend payments between qualified PRC resident enterprises are exempted from CIT, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us would meet such qualification requirements if we were considered as a PRC resident enterprise for this purpose. If our global income were to be taxed under the CIT law, our results of operations and financial position would be materially and adversely affected.

Under the CIT law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the CIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with China and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. We invest in our PRC operating subsidiaries through Yuen Ming and Kam Wang, companies incorporated in Hong Kong. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對於所得避免雙重徵稅和防止偷漏稅的安排》) (the "Hong Kong Tax Treaty"), Yuen Ming and Kam Wang will be subject to withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries. However, the SAT promulgated a circular on October 27, 2009 ("Circular 601"), which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be adopted based on a "substance over form" analysis to determine whether or not to grant tax treaty benefits to a "conduit" company. It is unclear whether Circular 601 applies to dividends from our PRC operating subsidiaries paid to us through Yuen Ming and Kam Wang. It is possible, however, that under Circular 601, Yuen Ming and Kam Wang would not be considered as the "beneficial owner" of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favorable 5% rate applicable under the Hong Kong Tax Treaty, in which case our results of operations and financial position would be materially and adversely affected.

We may be adversely affected by inaccurate, false or negative media coverage

From time to time, we may be the subject of media coverage on the development history, current business and future trends of major PRC property developers. Such media reports are often not authorized by us, not substantiated, and may contain inaccurate or false information about us, or may present information about us in a negative light. We have noticed certain such media reports recently, the details of which are set forth in the following paragraph. Such inaccurate, false or negative media coverage may adversely affect our reputation, and as a result our business and results of operations may be negatively affected.

On March 15, 2013, an article appeared on the Internet describing subsidence at Palm Waterfront. We believe the natural subsidence was not a result of the construction or construction quality of Palm Waterfront, but rather a result of the natural geological conditions within the Nansha District. In addition, officers from the relevant governmental department visited Palm Waterfront and confirmed that the natural subsidence occurring in that development was within the normal range caused by the complex geological structure of the Nansha District.

There can be no assurance that we will not be subject to inaccurate, false or negative media coverage in the future. To the extent that information contained in such media coverage is inconsistent with the information contained in this prospectus, investors should not rely on such inconsistent information, and should only rely on the information contained in this prospectus and the Application Forms to make investment decisions about us.

We may be adversely affected by the use of our civil air defense property

According to Law of the People's Republic of China on National Defense (《中華人民共和國國防法》), Civil Air Defense Law of the People's Republic of China (《中華人民共和國人民防空法》), Property Law of the People's Republic of China (《中華人民共和國物權法》), Measures of the Development and Utilization of Civil Air Defense Construction during Peacetime (《人民防空工程平時開發利用管理辦法》), several Opinions regarding Further Advancing the Development of Civil Air Defense by the State Council and the Central Military Commission (《國務院、中央軍委關於進一步推進人民防空事業發展的若干意見》), the construction of new buildings in cities should contain certain basement areas which may be used for civil air defense purposes in time of war. As of October 31, 2013, our projects had total civil air defense areas of approximately 351,238 sq.m., or 3.1% of our land bank, calculated based on (i) the projects designs for our projects which were completed or under development as of October 31, 2013, and (ii) the project designs for our properties held for future development as of October 31, 2013 which have obtained governmental approval. Our civil air defense area is primarily leased out as car parks, and the relevant income amounted to RMB23.5 million, RMB38.4 million, RMB70.2 million, RMB15.5 million and RMB17.1 million in 2010, 2011, 2012, the six months ended June 30, 2013 and the nine months ended September 30, 2013, respectively. Assuming that all civil defense areas on our projects as of September 30, 2013 were used for civil air defense purposes from October 1, 2013 until the expiration of the related car park lease agreements, we estimate that we would need to refund up to RMB144.0 million to the car park lessees, amounting to 0.8% of our total revenue in 2010, 2011, 2012 and the nine months ended September 30, 2013. In times of peace, such areas can be used and managed by entities or persons investing in their construction and any revenue generated from the use of such areas belongs to such investors. However, in times of war, such areas may be used by the government at no cost. In the event of war and if our civil air defense areas are used by the public, we may not able to lease out our car parks which form a portion of our civil air defense areas, and such areas will no longer be a source of rental income.

RISKS RELATING TO PROPERTY DEVELOPMENT IN THE PRC

The PRC property market is heavily regulated and subject to PRC government policies, regulations and measures intended to discourage speculation in the property market

As a property developer in the PRC, we are subject to extensive government regulation in many aspects of our operations and are highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. Over the past few years, property developers and investors have invested heavily in the PRC, raising concerns that the property market had started to overheat. In response to concerns over the scale of the increase in property investment, the PRC government has from time to time introduced policies intended to curtail the overheating of the PRC property market, including:

- strictly enforcing laws and regulations relating to idle land;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- prohibiting commercial banks from lending funds to property developers with an internal capital ratio of less than a certain prescribed percentage;
- restricting PRC commercial banks from extending loans for the development of luxury residential properties;
- restricting property developers from using borrowings obtained from any local banks to fund property developments outside that local region;
- restricting the ability of property developers to raise funds via foreign debt;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land premiums; and
- requiring property developers to promptly and fully pay land premiums before becoming eligible to receive the relevant land use rights certificate.

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market:

- limiting the maximum amount of monthly mortgage and total monthly debt service payments of individual borrowers;
- suspending land supply for villa developments and restricting land supply for high-end developments, while mandating a minimum land supply for affordable housing;
- imposing a business tax levy on the sales proceeds from secondary sales, based on the length of the holding period and type of property;
- requiring the strict enforcement of a 20% individual income tax on profits from sales of owner-occupied houses;
- increasing the minimum down payment on the purchase price of the residential property of a family;
- raising pre-sale threshold for commodity housing;
- strengthening the government's management of financing activities by property enterprises which have engaged in certain illegalities or irregularities;
- limiting the purchase of and mortgage loans for residential properties based on place of residence and number of residential properties owned;
- continuing the enforcement of purchase restrictions imposed on commodity housing;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property;
- giving local branches of the PBOC more latitude in raising the down-payment rate and mortgage rate for the purchase of a second residential property in cities where housing prices are increasing at an excessively high rate;
- limiting the availability of individual housing provident fund loans for the purchase of second (or further) residential properties by laborers or their family members;
- requiring property developers to make public the sales and pre-sale price of its units for sales within a certain time period and conduct sales strictly in accordance with this stated price; and

- requiring financial institutions to prioritize mortgage applications for ordinary commodity housing construction projects where small to medium-sized housing units constitute 70% or more of the total units in such construction projects so long as credit extension conditions are satisfied.

For more details on the PRC government's measures to curtail the overheating of the property market, please see the section entitled "Laws and Regulations relating to the Industry" in this prospectus.

The PRC government's restrictive measures may limit our access to capital, reduce market demand and increase our operating costs. We cannot assure you that these measures will not adversely affect the sales of units in our developments. In addition, we cannot assure you that the PRC government will not introduce further measures to regulate the rate of growth of the property market or to limit or even prohibit foreign investment in the property sector. These existing measures and any future measures, or even rumors or threats of any new measures, may adversely affect our business, financial condition and results of operations.

The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major provinces and cities in China, including Guangdong Province, in the early 1990s culminated in an over-supply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC provinces such as Guangdong Province and cities therein have experienced rapid and significant growth. The risk of property over-supply has increased in recent years in certain parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, together with the effect of the PRC government policies to curtail the overheating of the property market, property prices may fall significantly and our revenue and results of operations will be adversely affected. We cannot assure you that the problems of over-supply and falling property prices that occurred in the mid-1990s will not recur in the PRC property market and the recurrence of such problems could adversely affect our business and financial condition. The PRC property market is also susceptible to the volatility of the global economic conditions as described in the section entitled "—Risks relating to Our Business—The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business" in this prospectus.

The cyclical nature of the property market in the PRC affects the optimal timing for the acquisition of sites, pace of development as well as the sales of properties. This cyclicality, combined with the lead time required for completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers

The PBOC regulates and continually adjusts the lending rates and reserve requirement ratios for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks for property developers and leveraged property buyers. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Increases in the reserve requirement ratios reduce the amount of bank funds available for lending. The PBOC increased the reserve requirement ratios six times in 2010, and another six times up to November 2011, before reducing the reserve requirement ratios three times between December 2011 and December 31, 2012. The current reserve requirement ratios of 16.5% to 20.0% took effect on May 18, 2012.

The PBOC increased the benchmark one-year lending rate nine times between October 2004 and December 2007, from 5.58% to 7.47%. In 2008, the PBOC reduced the benchmark one-year lending rate five times, from 7.47% to 5.31%. Since late 2009, the PRC government introduced a new round of austerity measures to control the growth of the economy, including increasing the benchmark one-year lending rate five times between October 2010 and July 2011, to 6.56%. The PBOC subsequently lowered the benchmark one-year lending rate in June and July 2012, resulting in a new benchmark one-year lending rate of 6.00%. As of the Latest Practicable Date, the benchmark one year lending rate was 6.00%. We expect that increases in interest rates and reserve requirement ratios would increase our finance costs in general and the finance costs of leveraged property buyers and as a result, may delay potential purchasers from making a purchase. The effect of the increases in interest rates on our finance costs are not immediately apparent due to our capitalization of finance costs. Upon completion of a project and once the property has been delivered to buyers, the capitalized finance costs of the relevant property will be recognized as direct costs on our consolidated income statements.

Any further increases in interest rates on our bank borrowings, including as a result of interest rate increases by the PBOC, could have a material adverse effect on our business, financial condition, results of operations and prospects. These and other credit tightening measures by the PRC government in recent years have affected the ability of Chinese companies, including property developers, to borrow funds to finance their operation and development plans. Despite recent decreases, the reserve requirement ratio remains at a relatively high level. We cannot assure you that the PBOC will not raise lending rates or reserve requirement ratios in the future, or that our business, financial condition and results of operations would not be adversely affected as a result of these adjustments.

We face intense competition

In recent years, a large number of property developers have undertaken property development and investment projects in Guangdong Province and elsewhere in the PRC. Our major competitors include large national and regional property developers and overseas developers, including a number of leading Hong Kong property developers, some of which may be more sophisticated than us in terms of engineering and technical skills, and may have better track records and greater financial, land and other resources, broader name recognition and greater economies of scale than us.

In addition, the PRC government has recently introduced various policies and measures in order to limit the growth and to prevent the overheating of the property development sector, which has further increased competition for land among real estate developers. For more details, please refer to the sections entitled “Industry Overview” and “Laws and Regulations relating to the Industry” in this prospectus.

Competition among property developers may result in an increase in acquisition costs of land for development, an increase in the cost or a shortage of raw materials, an over-supply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business, financial position and results of operations.

In addition, recent market downturns in the PRC may further intensity competition. If we cannot respond to changes in market conditions or changes in customer preferences more swiftly or effectively than our competitors, our business, financial condition and results of operations could be adversely affected.

Property markets in the PRC are still at an early stage of development and lack adequate infrastructural support

The property markets in the PRC are still at a relatively early stage of development. The growth of the PRC property markets is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as various factors, including social, political, economic and legal factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential properties may discourage investors from acquiring new properties because resale is not only difficult, but also can be a long and costly process. In addition, the limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential properties.

In addition, risk of property over-supply is increasing in certain parts of China, where property investment, trading and speculation have become overly active. in the event of actual or perceived over-supply, property prices may fall significantly and our revenue and results of operations will be adversely affected.

The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect how quickly we can deploy, as well as our ability to deploy, the funds raised in the Global Offering in our business in the PRC

In recent years, in an effort to stabilize the growth of its economy, the PRC government has introduced a series of austerity measures, including those aimed at controlling the inflow of offshore funds into the property development industry or for property speculative actives.

We are planning to apply for approval from the relevant PRC authorities for remittance of the net offering proceeds to the PRC once we have received all of the net proceeds after the Global Offering. We cannot assure you that we will obtain all relevant necessary approval certificates in a timely manner or at all, or that we will obtain all necessary registrations for all of our operating subsidiaries in the PRC in order to comply with the relevant regulation in a timely manner or at all. Further, we cannot assure you that the PRC government will not introduce new policies that prevent or further restrict our ability to deploy the funds raised in the Global Offering. Therefore, we may not be able to use all or any of the capital that we may raise from the Global Offering to finance our property acquisitions or our new projects in a timely manner or at all.

In addition, any capital contributions made to our PRC operating subsidiaries, including from the net proceeds of the Global Offering, are also subject to the foreign investment regulations and foreign exchange regulation in the PRC. For example, in accordance with circulars promulgated by the SAFE in August 2008 and November 2011 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested companies into Renminbi, unless otherwise permitted by PRC laws or regulations, Renminbi converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested company and cannot be used for domestic equity investment or acquisition. Pursuant to these circulars, we may encounter difficulties in increasing the capital contribution to our project companies or equity investee and subsequently converting such capital contribution into Renminbi for equity investment or acquisition in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions to our PRC project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our Group's operational results.

The property development business is subject to claims under statutory quality warranties

Under the Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》), which became effective on January 30, 2000, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. In addition, general contractors are required to provide quality warranties for the properties they build to the relevant property developers, and such property developers may seek reimbursement from the relevant general contractors for amounts paid to customers as a result of claims brought under quality warranties. We act as general contractor for a majority of our property projects, and in such cases we are directly responsible for construction quality and are generally not able to seek reimbursement from third-party contractors where customer claims are brought against us under our quality warranties. We cannot guarantee that we will not receive customer claims in relation to the quality of our projects. If a significant number of claims were brought against us under our quality warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Substantially all of our assets are located in the PRC and our revenue is sourced from the PRC. Accordingly, our results of operations, financial position and prospects are directly affected by the economic, political and legal developments of the PRC.

PRC economic, political and social conditions as well as government policies could affect our business

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of government involvement;

- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. However, since early 2004, the PRC government has implemented certain measures in order to prevent the PRC economy, including the property market, from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential properties, and may have an adverse impact on economic growth in the PRC. If China's economic growth decreases or if the PRC economy experiences a recession, the growth in demand for our products may also decrease and our business, financial condition and results of operations will be adversely affected. For further information, please refer to the section entitled "—Risks relating to Our Business—The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business" in this prospectus.

In addition, demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Governmental control of currency conversion may limit our ability to use capital effectively

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive our revenues in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Fluctuation in the value of the Renminbi may have a material adverse effect on our business

We conduct substantially all our business principally in Renminbi. However, following the Global Offering, we may also maintain a significant portion of the proceeds from the offering in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the U.S. dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Effective May 21, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. On June 19, 2010, the PBOC announced that the PRC government will reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. Effective April 16, 2012, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.5% to 1% around the central parity rate. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 32.1% from July 21, 2005 to June 30, 2013. As a result of these and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the U.S. dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the U.S. dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollars or Hong Kong dollars (which are pegged to the U.S. dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the U.S. dollar or the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars or Hong Kong dollars into Renminbi for such purposes.

The labor contract law and other labor laws and regulations in the PRC may adversely affect our business and profitability

The labor contract law became effective in the PRC on January 1, 2008. It imposes more stringent requirements on employers in relation to entering into fixed term employment contracts, the hiring of temporary employees and dismissing employees. In addition, under the newly promulgated Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), which came into effect on the same date, employees who have continuously worked for more than one year are entitled to a paid holiday ranging from five to 15 days, depending on their length of service. Employees who agree to waive part or all of their holiday entitlement at the request of their employers must be compensated with three times their normal daily salaries for each day of holiday entitlement being waived. As a result of the new law and regulations, our labor costs may increase. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could have a material adverse effect on our business, financial condition or results of operations.

In addition, in accordance with relevant PRC labor laws and regulations, we are required to contribute to a number of employee social insurance schemes including medical, maternity, work-related injury, unemployment and pension insurance, and to the employee housing provident fund. We provide social insurance and contribute to the housing provident fund for our employees in accordance with the policies and practices of local government authorities' interpretation and implementation of relevant PRC labor laws and regulations. Changes in labor laws or regulations in the PRC in which we operate may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion. Any failure to comply with such labor regulations may result in penalties, revocation of permits or licenses for our operations or litigation, and as a result, our business, financial condition and results of operations could be materially and adversely affected.

Uncertainty with respect to the PRC legal system could adversely affect us and may limit the legal protection available to you

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. All these uncertainties could limit the legal protection available to foreign investors, including you.

It may be difficult to effect service of process on our Directors or executive offers who reside in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts

A majority of our senior management members reside in mainland China, and substantially all of our assets, and substantially all of the assets of those persons are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome ("SARS"), and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of floods, earthquakes, sandstorms, snowstorms, fire, droughts or epidemics. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. Furthermore, the PRC reported a number of cases of SARS in 2003. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. In particular, any future outbreak of SARS, avian flu or other similar adverse epidemics may, among other things, significantly disrupt our business, including limiting our ability to travel or ship materials within the PRC. An outbreak of infectious disease may also severely restrict the level of economic activity in affected areas, which may in turn have a material and adverse effect on our results of operations, financial condition and business.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares

Prior to the Global Offering, there was no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering.

The liquidity and market price of our Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our Shares pursuant to the Global Offering

The price and trading volume of our Shares may be volatile as a result of the following factors, as well as others, which are discussed in this "Risk Factors" section or elsewhere in this prospectus, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- 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;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in general economic conditions or other developments affecting us or our industry;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, the Controlling Shareholders or other Shareholders.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. For instance, during the global economic downturn and financial market crisis begun around the middle of 2008, the global stock markets witnessed drastic price drops with heavy unprecedented selling pressure. Many stocks fell to a fraction of their highs in 2007. Similar stock price movements were observed in the second half of 2011 as certain recent adverse financial developments have affected the global securities and financial markets. These developments include a general global economic, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time, in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If the economic downturn continues, our business, results of operations and financial condition could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our Shares.

Future issues, offers or sales of our Shares may adversely affect the prevailing market price of our Shares

Future issues of the Shares by our Company or the disposals of the Shares by any of our Shareholders or the perception that such issues or sales may occur, may negatively affect the prevailing market price of the Shares. Moreover, future sales or perceived sales of a substantial amount of our Shares or other securities relating to our Shares in the public market may cause a decrease in the market price of our Shares, or adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. Our Shareholders may experience dilution in their holdings in the event we issue additional securities in future offerings. The Shares held by the Controlling Shareholders are subject to certain lock-up undertakings for a period of up to six months after the Listing Date. Details of such lock-up undertakings are set out in the section entitled "Underwriting—Underwriting Arrangements and Expenses" in this prospectus. We cannot give any assurance that they will not dispose of their Shares they may own now or in the future.

As the Offer Price is higher than our net tangible asset book value per Share, you will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of the Shares is higher than the net tangible asset book value per share issued to existing holders of our Shares immediately prior to the Global Offering. Therefore, you and other purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset book value and existing holders of our Shares will receive an increase in net tangible asset book value per share of their Shares. If, in the future, we issue additional Shares and if we issue equity-linked securities convertible or exchangeable into Shares at a price lower than the net tangible asset book value per Share at the time of their issuance, you and other purchasers of our Shares may experience further dilution in the net tangible asset book value per Share.

The market price of our Shares when trading begins could be lower than the Offer Price as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be on the fifth business day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

We cannot guarantee the accuracy of official government publications and statistics with respect to the PRC, the PRC economy and the PRC property industry contained in this prospectus

The information and statistics in this prospectus relating to the PRC, the PRC economy and the PRC property industry have been extracted, in part, from various official government publications. None of our Company, the Joint Global Coordinators, the Sole Sponsor, the Underwriters and their respective directors, advisors and affiliates have independently verified such information and statistics. We believe that the sources of this 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 or that any fact has been omitted that would render such information false or misleading. However, none of our Company, the Joint Global Coordinators, the Sole Sponsor and the Underwriters, their respective directors, advisors and affiliates or any other party involved in the Global Offering makes any representation as to the accuracy of such information and statistics, which may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC. Accordingly, you should not unduly rely on such information.

Forward-looking information may prove inaccurate

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

We may be unable to declare dividends on our Shares in the future

Our Company did not declare any dividend during the Track Record Period, and as of the Latest Practicable Date our Company did not have any distributable reserves. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed in any year.