

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares. You should pay particular attention to the fact that we conduct our operations in the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. For more information concerning the PRC and certain related matters discussed below, see “Summary of PRC Laws Relating to the Property Sector” in Appendix VII to this prospectus.

RISKS RELATING TO OUR BUSINESS

We rely heavily on the strong performance of the property market in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region

Our growth in the past has benefited from the strong demand for properties in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region, where a majority of our past and current property development projects are located. As we intend to continue to focus our efforts in these four regions, we will continue to depend in the near future on the continuous growth and performance of the property market in such regions. Market demand for residential and commercial properties and office spaces could be affected by various factors, many of which are beyond our control. We cannot assure you that such demand will continue to grow or remain at previous levels in the future, especially in light of the current global financial and economic crisis. See “— We may be adversely affected by the slowdown of China’s economy caused by the recent global financial and economic crisis.” Any adverse developments in the supply and demand of properties or in property prices in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region, could have a material adverse effect on our business, financial condition and results of operations.

We require substantial capital resources to fund our land acquisition and property development

Property development is capital intensive. To date, we have funded our projects primarily through borrowings, proceeds from pre-sales and sales of our properties and capital contributions from our shareholders. Our ability to secure sufficient financing for land acquisition and property development depends on a number of factors that are beyond our control, including market conditions in the capital markets, investors’ perception of our securities, lenders’ perception of our creditworthiness, the PRC economy and the PRC regulations that affect the availability and finance costs for real estate companies.

Various PRC regulations restrict our ability to raise capital through external financing and other methods, including without limitation, the following:

- we cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;
- PRC banks are prohibited from extending loans to real estate companies to fund the purchase of land use rights;
- we cannot borrow from a PRC bank for a particular project unless we fund at least 20% of the total investment amount of that project from our own capital;
- we cannot borrow from a PRC bank for a particular project if we do not obtain the land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;

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- PRC banks are restricted from granting loans for the development of luxury residential properties;
- property developers are strictly prohibited from using the proceeds from a loan obtained from a local bank to fund property developments outside the region where that bank is located; and
- PRC banks are prohibited from accepting properties that have been vacant for more than three years as collateral for loans.

In addition, the PBOC increased the reserve requirement ratio for commercial banks several times prior to June 25, 2008, from 7.5% as of July 5, 2006 to 17.5%. Changes in the reserve requirement ratio affect the amount of funds that banks must hold in reserve against deposits made by their customers. Although the PBOC has subsequently decreased the reserve requirement ratio several times in response to the global financial and economic crisis, any future increase in such reserve requirement ratio will reduce the amount of commercial bank credit available to businesses in China, including us.

The PRC government may introduce other measures that limit our access to additional capital. For example, in November 2007, the CBRC provided policy guidelines to PRC banks and Chinese subsidiaries of foreign banks that loans outstanding as of December 31, 2007 should not exceed the level of outstanding loans as of October 31, 2007. This lending freeze may limit our ability to access additional loans or to rollover existing loans as they mature, and may also prevent or delay potential customers' ability to secure mortgage loans to purchase residential properties. In addition, on July 10, 2007, the General Department of the SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) which restricts a foreign invested property developer's ability to raise capital through foreign debt, if such developer is established after June 1, 2007 or increases its registered capital after June 1, 2007. Under this circular, our ability to utilize the proceeds of this offering to provide funding to our PRC operations is further limited. See "Regulatory Overview — Real Estate Development — New regulations aimed at regulating the entry and administration of foreign investment in the real estate market" and "Appendix VII — Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — F. Property Credit" to this prospectus for further details.

We cannot assure you that we will be able to obtain sufficient funding to finance intended purchases of land use rights, develop future projects or meet other capital needs as and when required at a commercially reasonable cost or at all. Failure to obtain adequate funding at a commercially reasonable cost may limit our ability to commence new projects or to continue the development of existing projects. Such failure may also increase our finance costs.

We may be adversely affected by the slowdown of China's economy caused by the recent global financial and economic crisis

Since early 2008, there has been a significant deterioration in the U.S. and global economy, which may worsen or be prolonged. In addition, liquidity has contracted significantly. As a result, China's economy has experienced a similar economic slowdown. The slowdown in economic activities in China has affected and may continue to affect consumer and business spending generally, which may result in decreased demand for real estate properties or services. As a result of this slowdown in economic activities in China, certain of our projects that were scheduled to begin pre-sale in 2008 were delayed until 2009 or 2010, and the expected average selling price of our properties were also adjusted downward in response to the economic slowdown. However, such slowdown in economic activities has only had a minimal effect as to the rental income received from our investment properties or our financing activities for our property development projects. Although the PRC government has announced in November 2008 an economic stimulus package in the amount of RMB4.0 trillion and adopted other macroeconomic measures and monetary policies, such stimulus package, measures

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and policies may not work effectively or quickly enough to avert a continued slowdown in economic activities in China. While there are signs to show that such stimulus package, measures and policies adopted by the PRC government may have helped China's economy to rebound from its worst growth in a decade since the second quarter of 2009, it is still unclear whether the economic downturn in China has been reversed. If the economic downturn in China continues, we may experience continuing slowdown in the sales of our properties, increase in finance costs, or reduction of the amount of borrowings that are available to us, which may adversely affect our business, financial condition, results of operation and prospect.

Our business may be adversely affected by changes in interest rates

We rely on borrowings to finance a substantial part of our project developments. Many of our customers also need to finance their purchase of our properties through mortgage loans. Interest rates in the PRC have decreased several times recently. In 2008, the PBOC lowered the benchmark one-year lending rate five times from 7.47% in January to 5.31% in December in response to the current global financial and economic crisis. We cannot assure you that the PBOC will further decrease the benchmark one-year lending rate or that the interest rates at which financing will be available to us or our customers will continue to decrease in the future. In addition, we cannot predict if and when interest rate in the PRC may begin to increase. Any increase in the interest rates will increase our finance costs and also increase the costs of our customers to purchase our properties with mortgages and therefore adversely affect our business, financial conditions and results of operation. See “— The terms on which mortgages are available, if at all, may affect our sales.”

We may not always be able to obtain land sites that are suitable for property development within our budget

We derive a significant portion of our revenue from sales of properties that we have developed. This revenue stream depends on the completion of, and our ability to sell, our property developments. To maintain or grow our business in the future we will need to replenish our land reserves with suitable development sites. Our ability to identify and acquire suitable land sites is subject to a number of factors, some of which are beyond our control. Our business, financial condition and results of operations may be materially and adversely affected if we are unable to obtain land sites for development at prices that allow us to achieve reasonable returns upon the sale of developed properties to our customers.

The PRC government controls all new land supply in the PRC and regulates land sales in the secondary market. As a result, the policies of the PRC government towards land supply may adversely affect our ability to acquire land use rights for sites we seek to develop and could increase the costs of any acquisition. The PRC central and local governments may regulate the means by which property developers, including ourselves, obtain land sites for property developments. In recent years, the PRC government has promulgated policies that restrict banks from granting loans to finance the construction of luxury apartments and limit or prohibit the supply of land available for projects such as villa-style developments, low density housing developments and golf courses. Although we will continue to seek suitable development opportunities, the current or future regulatory climate may restrict our ability to engage in such developments in the future. See also “— Risks Relating to Our Industry — PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business.”

We may not be able to obtain land use rights certificates with respect to certain parcels of land or property rights with respect to certain project in which we have acquired an interest

As of the Latest Practicable Date, we entered into contractual arrangements as to certain parcels of land that occupy an aggregate site area of approximately 29,546 square meters and 379,635 square meters in Shenzhen, Guangdong Province and Suzhou, Jiangsu Province, respectively, and in which

we have not obtained the relevant land use rights certificates or property rights. To obtain the land use rights for such land, we must successfully complete the auction or listing-for-sale in accordance with the relevant PRC regulations. We are not sure if we will be able to obtain the land use rights for such land through the required auction or listing-for-sale process or the property rights for such projects. For additional information, see “Our Business — Our Property Development Projects — Pearl River Delta Region — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場)” and “Our Business — Our Property Development Projects — Yangtze River Delta Zone — Suzhou Project (蘇州項目).” If we fail to obtain the land use rights certificates for these parcels of land or other parcels of land in which we may acquire an interest in the future, we will not be able to develop and sell properties on such land. We may not be able to acquire replacement parcels of land on terms acceptable to us, or at all, which could have a material adverse effect on our future prospects, business, financial condition and results of operations.

We face uncertainties when obtaining land sites through the acquisition of project companies

In addition to increasing our land reserve through public tender, auction and listing-for-sale, we have obtained land sites for eight of our projects through acquisition of project companies that held the land use rights. We may continue to obtain land sites through such acquisitions in the future. We cannot assure you that we have discovered, or will be able to discover, all existing or potential liabilities of the target companies. In addition, the government may change the permitted use of the land sites to which the target companies own the land use rights after we have acquired the target companies, rendering the land sites unsuitable for our property development purposes. If any of the undiscovered existing or potential liabilities of the acquired companies are found to be material, or if we are unable to develop properties on the land sites to which the acquired companies have the land use rights, our business, financial conditions and results of operations may be materially and adversely affected. In addition, we may acquire such project companies for an amount that is less than their fair market value, resulting in gains recognized on our consolidated statements of comprehensive income. However, such gains do not give rise to any change to our cash position and therefore we may experience constraints on our liquidity even though our profitability increased.

We have entered into several preliminary framework agreements for potential new property development projects which are subject to significant risks and uncertainties

As of the Latest Practicable Date, we had entered into preliminary framework agreements for three potential new projects with a total site area of approximately 1,984,083 square meters with an aggregate planned GFA of approximately 4,968,863 square meters with third parties or with local governments in which the projects are located. There are significant risks with respect to these potential new projects as further agreements are required to be entered into in order for us to obtain the respective land use rights certificates for the land parcels specified in the preliminary framework agreements. In addition, in order to obtain the land use rights for the land parcels of these potential new projects, we will be required to go through public tender, auction or listing-for-sale processes in accordance with the relevant PRC regulations. We may not be able to successfully obtain the land use rights for the lands specified in the preliminary framework agreements through such required processes or obtain the land use rights that can be used for the same purpose as those indicated in the preliminary framework agreements. We also may not be able to enter into future agreements to obtain the land parcels due to reasons that are beyond our control. Changes in the PRC regulatory environment or policies or changes in the general economic environment or property market in China may result in the other parties' unwillingness to implement the transactions contemplated under the preliminary framework agreements, or result in changes to the general understanding of the preliminary framework agreements that may be adverse to us, including changes in the price of the land use rights to the specified land parcels. The preliminary framework agreements may not be considered as enforceable by the relevant PRC courts for the purpose of entering into future agreements to obtain the relevant land parcels. If we cannot obtain the relevant land parcels contemplated under the preliminary framework agreements in accordance with the understanding of the preliminary framework agreements or at all, our business and future prospects could be materially and adversely affected.

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Our results of operations may be materially and adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for our property developments

The property industry in the PRC is heavily regulated by the PRC government. Property developers in China must comply with various requirements mandated 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, at various stages of the property development, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities including a land use rights certificate, a construction land planning permit, a construction works planning permit, a construction works commencement permit and a pre-sale permit or confirmation of completion and acceptance. Each approval may depend on the satisfaction of certain conditions. See “Regulatory Overview — Real Estate Development” and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC” in Appendix VII to this prospectus for further details. We cannot assure you that we will not encounter material delays or other impediments in fulfilling the conditions precedent to the approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to regulatory approvals. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, the requisite governmental approvals, the schedule of the completion and sale of our developments could be substantially disrupted and any such disruption would materially and adversely affect our business, results of operations and financial condition. Furthermore, the relevant regulatory bodies may not approve the development plans for our projects and we may need to amend such development plans to obtain the necessary permits. Amendment to our development plans may have a material and adverse effect on our business and results of operations.

We face intense competition with respect to our property development, property operation services, property agency services and hotel services businesses

The property industry in the PRC is highly competitive and we face competition as to our property development business from major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including several leading developers from Hong Kong. Competition among property developers may result in increased costs for the acquisition of land for development, increased costs for raw materials, shortages of skilled contractors, oversupply of properties, decrease in property prices in certain parts of the PRC, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business and financial condition. In addition, the PRC government’s recent measures designed to reduce land supply further increased competition for land among property developers. Certain of our competitors are well capitalized and have greater financial, marketing and other resources than we have. Some also have larger land banks, greater economies of scale, broader name recognition, a longer track records and more established relationships with contractors, suppliers and customers in certain markets. Such property developers may be able to respond to changes in market conditions more promptly and effectively than we can, or may be more competitive in acquiring land through auction or other processes. If we are unable to maintain a competitive position with respect to the acquisition of land, adapt to changing market conditions or otherwise compete successfully with our competitors, our prospects, business, financial condition and results of operations may be materially and adversely affected.

In addition, we face intense competition as to our property operation services business, property agency services business and hotel services business at the national, regional and local levels. Competition in such businesses are based on quality of services, brand name recognition, geographic coverage, commission rates and range of services. As compared to property development, providing such services does not require significant capital commitments. This low entry barrier allows new competitors to enter into the market with relative ease. New and existing competitors may offer

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competitive rates, greater convenience or superior services, which could attract customers away from us, resulting in lower revenues. Competition among companies providing such services may cause a decrease in commission rates we receive and higher costs to attract or retain talented employees. Furthermore, our relative competitive position varies significantly by service type and geographic area. Certain of our competitors may be smaller than us but may be more established and have greater market presence and brand name recognition on a local or regional basis, while certain competitors are large national and international firms that may have more financial or other resources than us. If we fail to compete effectively, our property operation services business, property agency services business and hotel services business may suffer and our results of operations may be materially and adversely affected. For our property agency services, in addition to competition from traditional property agency service providers, the advent of the internet has introduced new ways of providing property services, as well as new entrants and competitors in our industry. If our property agency business is not successful in developing strategies to address the challenges and to capture the business opportunities presented by technological changes and the emergence of e-business, our property agency business and our results of operations could be materially and adversely affected.

The terms on which mortgages are available, if at all, may affect our sales

Most of our purchasers rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unattractive or unavailable to potential property purchasers.

The CBRC issued a regulation on September 2, 2004 to limit mortgage loans on properties to no more than 80% of the sale price of the underlying properties. On March 17, 2005, the PBOC set forth the minimum property mortgage loan rates to be equal to 0.9 times the corresponding benchmark lending rates, resulting in increase in the minimum rate for property mortgages. In May 2006, the PRC government increased the minimum amount of down payment to 30% of the purchase price for properties with a GFA of more than 90 square meters. In September 2007, the minimum down payment for any purchase of second or subsequent residential property was increased to 40% of the purchase price if the purchaser had obtained a bank loan to finance the purchase of his or her first property. Moreover, the interest rate for bank loans for such purchases shall not be less than 110% of the PBOC benchmark rate of the same term and category. For further purchases of properties, there would be upward adjustments on the minimum down payment and interest rate for any bank loan. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. In December 2007, the PBOC and CBRC issued another notice to clarify that, in determining the applicability of relevant restrictions, the number of housing loans deemed to have been borrowed by a borrower shall include housing loans borrowed by any member of his or her family. In October 2008, in response to the global financial and economic crisis, the PBOC issued a circular which decreased the minimum amount of down payment for residential property purchases to 20% and reduced the minimum mortgage loan rates for such purchases to 70% of the benchmark interest rate. However, despite the decrease in lending requirements, certain financial institutions in China have implemented their own internal restrictive conditions which limited the number of borrowers that can take advantage of the reduced requirements as announced by the PBOC. See "Appendix VII — Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — F. Property Credit" to this prospectus for further details. In the event mortgage financing for property purchases becomes more difficult to obtain or if the costs of such financing increases, many of our prospective customers who rely on such mortgage financing may not be able to purchase our properties, which in turn will materially and adversely affect our business, financial condition and results of operations.

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In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing could result in a substantially lower rate of pre-sales of our properties, which could adversely affect our business, financial condition and results of operations. We are not aware of any impending changes in laws, regulations, policies or practices which will prohibit such practice in the PRC. However, we cannot assure you that such changes in laws, regulations, policies or practices will not occur in the future.

Changes in laws and regulations in relation to pre-sales of properties may adversely affect our business, financial condition and results of operations

Proceeds from the pre-sales of our properties are an important source of funds for our property developments and have an impact on our cash flow and liquidity position. On August 5, 2005, the PBOC recommended in a report entitled “2004 Real Estate Financing Report (2004中國房地產金融報告)” that the practice of pre-selling uncompleted properties be discontinued, on the grounds that such practice creates significant market risks and generates transactional irregularities. While the recommendation has not been adopted by any PRC government authorities and has no mandatory effect, we cannot assure you that the PRC government will not ban or impose material limitations on the practice of pre-selling uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property development. This, in turn, could have a material and adverse effect on our business, financial condition and results of operations.

We cannot assure you that services performed by independent contractors will always meet our quality standards and timing requirement or will be available within our budget

We engage independent contractors to provide various services, including but not limited to construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. We generally select independent contractors through an open tender process. We cannot assure you that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet our quality and safety standards and our timing requirement. If the performance of any independent contractor is not satisfactory or is delayed, 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, the completion of our property developments may be delayed, and we may incur additional costs due to a contractor's financial or other difficulties. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

If we are not properly insulated from the rising cost of labor, construction materials or building equipment, our results of operations may be adversely affected

As the result of economic growth and the boom in the property development industry in the PRC, wages for construction workers and the prices of construction materials and building equipment have experienced substantial increases in recent years. In addition, the PRC Labor Contract Law (中華人民共和國勞動合同法) that came into effect on January 1, 2008 enhanced the protection for employees and increased employers' liability in many circumstances which may further increase our labor costs. Under the terms of most of our construction contracts, our construction contractors are responsible for the wages of construction workers and procuring construction materials for our property development and would bear the risk of fluctuations in wages and construction material prices during the term of the relevant contract as we generally enter into fixed or capped unit price contracts with them. However, we are exposed to the price volatility of labor and construction materials to the extent

that we periodically enter into new or renew our construction contracts during the life of a project, which may span over several years, or that we hire the employees directly or purchase the construction materials directly from suppliers. We are also exposed to the price volatility of building equipment used in properties developed by us because we usually procure such equipment ourselves. Furthermore, we typically pre-sell our properties prior to their completion and we will be unable to pass the increased costs on to our customers if construction costs increase subsequent to the time of such pre-sale. If we are unable to pass on any increase in the cost of labor, construction materials and building equipment to either our construction contractors or to the purchasers of our properties, our results of operations may be negatively affected.

We may be subject to legal and business risks if we fail to obtain, renew or keep necessary qualification certificates for our property development, property operation services, hotel services and property investment businesses

Property developers in the PRC must obtain a qualification certificate in order to engage in property development businesses in the PRC. Property developers in the PRC must also produce a valid qualification certificate when they apply for a pre-sale permit. According to the Provisions on Administration of Qualifications of Property Developers (房地產開發企業資質管理規定), newly established property developers must first apply for a provisional qualification certificate, which is valid for one year and can be renewed for a maximum of two additional years. A property developer is required to obtain a formal qualification certificate before its provisional qualification certificate expires. All formal qualification certificates are subject to verification on an annual basis. In the annual verification of a qualification certificate, we believe the local authority considers the property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the developer's management, as well as whether the property developer has any illegal or inappropriate operations. See "Regulatory Overview — Real Estate Development — Real estate developer" and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — C. Qualifications of a Property Developer" in Appendix VII to this prospectus for further details.

As of the Latest Practicable Date, we have 18 project companies that are, or expect to be engaged in property development business of which eight have obtained formal qualification certificates, seven have obtained provisional qualification certificates, and three are in the progress of applying for or renewing relevant qualification certificates. If any of our project companies that are, or expect to be, engaged in property development business is unable to meet the relevant requirements and therefore unable to obtain or renew its provisional qualification certificate, obtain its formal qualification certificate when its provisional qualification certificate expires, or pass the annual verification of its formal qualification certificate, such project company will be given a deadline within which it has to meet these requirements and it will also be subject to a penalty of between RMB50,000 and RMB100,000. Failure to meet the requirements within the specified time period could result in the revocation of the qualification certificate and the business license of the relevant project company. We cannot assure you that we will be able to pass the annual verification of the qualification certificates of each of our project companies or that we will be able to renew our provisional qualification certificates or obtain formal qualification certificates in a timely manner, or at all, as and when the provisional qualification certificates expire.

Our PRC subsidiaries engaged in the provision of property operation services, including property management services, building equipment installation, maintenance and repair services and information network services, hotel services and the property investment business are required to obtain relevant qualification certificates from competent PRC government agencies for the provision of their services and such qualification certificates are usually subject to annual verifications. As of the Latest Practicable Date, all of our PRC subsidiaries engaged in the provision of property operation services, hotel services and the property investment business have obtained the required qualification certificates. If we are to establish additional subsidiaries to expand our property operation services, hotel services and property operation businesses in the future, those subsidiaries will also need to

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obtain relevant qualification certificates. We cannot assure you that our PRC subsidiaries engaged in the provision of property operation services, hotel services and the property investment business will be able to pass the annual verification of their qualification certificates or that we will be able obtain new qualification certificates for our subsidiaries that may engage in the provision of property operation services, hotel services and the property investment business in the future.

If our project companies or our PRC subsidiaries engaged in the provision of property operation services, hotel services and the property investment business are unable to obtain, renew or keep their qualification certificates, they may not be permitted to continue their business, which could materially and adversely affect our business, financial condition, results of operations and reputation.

We may not be able to complete our property development projects on time or at all

Property development projects require substantial capital expenditures prior to and during the construction period and the construction of a property project may take longer than a year before it generates positive cash flows through pre-sales, sales or leases. The progress and costs for a development project can be adversely affected by many factors, including, without limitation:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- discovery of artifacts in the construction site; and
- changes in government policies.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may affect our financial condition and results of operations and may also cause damage to our reputation. We cannot assure you that we will not experience any significant delays in completion or delivery or that we will not be subject to any liabilities for any such delays. In addition, if a pre-sold property development is not completed on time, the purchaser may be entitled to compensation for late delivery. If the delay extends beyond the contractually specified period, the purchaser would be entitled to terminate the purchase contract and claim damages. Therefore, any delay in completion of our property developments could have a material adverse impact on our business, financial condition, results of operations and reputation.

We may not be successful in expanding our business into new geographical regions or cities

Historically, our revenues were mainly derived from our property development projects and the provision of real estate services in the Pearl River Delta region and Chengdu-Chongqing Economic Zone. Since 2008, we have significantly expanded our business into markets such as Tianjin in the Beijing-Tianjin metropolitan region and Yixing in the Yangtze River Delta region. We may expand into additional cities in these regions or expand into new regions in the future. Such new regions or cities may differ from our existing markets in terms of the level of economic development, demography, topography, property trends and regulatory practices. Therefore, we may not be able to replicate our successful business model in our existing markets to these other regions or cities. In addition, as we enter into new markets, we may not have the same level of familiarity with contractors, business practices and customs and customer tastes, behavior and preferences. Therefore, we may not be able to successfully leverage our existing experience to expand our property development, property

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operation services business, property agency services business and hotel services business into these other markets. We may also face intense competition from other developers, other companies that provide property operation services and other property agency companies with more established experience or presence in those markets.

We may expand our business into new segments of the real estate industry which may not be successful

We may expand our business into new segments of the real estate industry in China as well as continue to expand the real estate services businesses that we currently operate. While we have accumulated experience in property development and in providing property operation services and property agency services, we cannot assure you that we will be able to leverage such experiences and replicate our historical success when entering into new businesses. For example, we entered into the hotel services business in December 2008, in which we have limited experience. Although we currently do not have any plans to enter into other new segments of the real estate industry, we may do so in the future. The expansion of our existing real estate services businesses and the expansion into new businesses may require a significant amount of capital investment and involve various risks and uncertainties including the risk of operating in a new environment, the difficulties of integrating new businesses into our existing businesses and the diversion of resources and attention of our management. Any failure to address these risks and uncertainties may adversely affect our business, financial condition and results of operations.

Our profitability may fluctuate due to fair value gains or losses on our investment properties because certain portion of our net profits were and are expected to be attributable to fair value gains or losses on our investment properties, which are likely to fluctuate from time to time

We are required to reassess the fair value of our completed investment properties at every statements of financial position date for which we issue financial statements. Our valuations are generally based on a direct comparison approach, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values, and an income approach by taking into account the net rental income of properties. See the Property Valuation Report included as Appendix IV to this prospectus. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income in the period in which they arise. Our investment properties were revalued as of December 31, 2006, 2007 and 2008 and June 30, 2008 and 2009, respectively, on an open market, existing use basis which reflected market conditions at those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position and recognized fair value gains or losses on investment properties and the relevant deferred tax on our consolidated statements of comprehensive income. Gains on fair value changes of our investment properties were RMB81.6 million, RMB86.9 million and RMB13.8 million in 2006, 2007 and 2008, respectively, representing 46.0%, 103.1% and 14.2% of the profit and total comprehensive income in 2006, 2007 and 2008. We recognized loss on fair value changes of investment properties of RMB10.0 million for the six months ended June 30, 2009.

As our investment properties increase in the future, the volatility of our profitability may increase as a result of fair value gains or losses. In addition, fair value gains or losses do not give rise to any change to our cash position unless the relevant investment property is sold and therefore we may experience constraints on our liquidity even though our profitability increased. The amount of revaluation adjustments has been, and may continue to be, significantly affected by the prevailing property market conditions and may be subject to market fluctuations. Any decrease in the fair value of our investment properties would adversely affect our profitability.

The illiquid nature and the lack of alternative uses of investment properties could limit our ability to respond to adverse changes in the performance of our properties

Investment properties are relatively illiquid compared to other types of investments such as publicly traded equity securities. As a result, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond our control, including general economic conditions, the availability of mortgage financing and interest rates, and we cannot accurately determine the market price of our investment properties nor are we able to predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. The time that it would take for investment properties to be sold is also uncertain. In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to competition, age, decreased demand or other factors. Similarly, for certain investment properties to be sold, substantial capital expenditure may be required to correct defects or make improvements to the property due to factors such as change in building regulations or as a result of age, compounding the effort and time required. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could materially and adversely affect our business, financial condition and results of operations.

If we fail to obtain or keep licenses and permits applicable to our property agency business or obtain necessary approvals to expand our property agency business, we may incur significant financial penalties and other government sanctions

We are subject to numerous national, regional and local laws and regulations specific to the property agency services performed by our subsidiary Xingyan Property Consultancy. If we fail to properly file records or to obtain or maintain the licenses and permits for conducting property agency services, Xingyan Property Consultancy may be ordered to cease conducting the relevant real estate services and be subject to warning, fines and revocation of its licenses. As the size and scope of real estate sale transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with the multiple levels of licensing regimes and the possible loss resulting from non-compliance have increased. In addition, the PRC government revised the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) in December 2007 which included property agency services into the category of businesses that are restricted for foreign investments. Although the current scope of our business operations is in full compliance with the Catalogue, this revision would subject us to approvals of higher-level governmental authorities and heightened scrutiny if we want to expand our property agency business by acquiring other property agency companies, establishing new subsidiaries to provide property agency services or increasing our investment in Xingyan Property Consultancy. We cannot assure you that we will be able to obtain such approvals when we want to expand our property agency business. See “Summary of PRC Laws Relating to the Property Sector — III. Legal Supervision Relating to Real Estate Intermediate Services in the PRC” in Appendix VII to this prospectus for further details.

Property owners may terminate our engagement as the provider of property management services

We provide property management services through our subsidiary Shenzhen Fantasia Management to our own developed projects and the projects of other developers. We believe that property management is an integral part of our business and critical to the successful marketing and promotion of our property developments as well as an important source of revenue. Under PRC laws and regulations, the home owners of a residential community of certain scale have the right to change the property management service provider upon the consent of a certain percentage of the home owners. If homeowners of the properties that we manage choose to terminate our property management services, or property buyers dislike our property management services, our reputation and results of operations could be materially and adversely affected.

Any failure to protect our brand and trademarks could have a negative impact on our business

We believe our brands and trademarks are critical to our success. Any unauthorized use of our brands, trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

If the value of our brand or image diminishes, our business and results of operations may be materially and adversely affected

Our brands and images play an integral role in all of our business operations. Our continued success in maintaining and enhancing our brands and images depends to a large extent on our ability to satisfy customer needs by further maintaining and improving our product quality or quality of services across our operations, as well as our ability to respond to competitive pressures. If we are unable to satisfy customer needs or if our public image or reputation were otherwise diminished, our business transactions with our customers may decline which could in turn adversely affect our results of operations.

In addition, as we provide property operation services and property agency services to third party developers, our brand and images may be adversely affected as a result of significant quality defects as to the products of third party developers or negative publicity or other problems related to third party developers. The ability of our subsidiary to successfully sell or manage the properties of such third party developers may be materially and adversely affected, which may in turn adversely affect our long-term ability to attract buyers for the properties we are contracted to sell, including those properties developed by us, or to attract management opportunities in respect of properties belonging to third party developers or residents.

Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities

We maintain a certain level of indebtedness to finance our operations. As of September 30, 2009, the outstanding balance of our total debt (including aggregate outstanding borrowings, amounts due to directors, amounts due to related parties and loans from Shareholders) amounted to RMB2,986.9 million. Our indebtedness described above could have an adverse effect on us, such as:

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

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In addition, as our indebtedness will require us to maintain an adequate level of cash flow from operations to satisfy our debt obligations as they become due, any decrease in our cash flow from operations in the future may have a material and adverse effect on our financial condition.

We have incurred and will continue to incur a significant amount of finance costs in relation to our indebtedness. A significant portion of our finance costs are capitalized rather than being expensed at the time it is incurred to the extent such costs are directly attributable to the acquisition and construction of a project or a projected phase. The amounts of capitalized finance costs under completed properties for sales were approximately RMB0.1 million, RMB29,000, RMB22.4 million and RMB91.5 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. The amounts of capitalized finance costs for properties for sales — under development were approximately RMB5.3 million, RMB8.3 million, RMB29.7 million and RMB21.7 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. Our capitalized finance costs included in our cost of sales in 2006, 2007, 2008 and for the six months ended June 30, 2009 was RMB1.7 million, RMB5.5 million, RMB13.5 million and RMB6.4 million, respectively.

We guarantee mortgage loans provided to our purchasers and may be liable to the mortgagee banks if our purchasers default on their mortgage loans

We arrange for various domestic banks to provide mortgage loans to our purchasers. According to market practice, domestic banks require us to guarantee these mortgage loans until the relevant property ownership certificates are issued, which generally takes place within one to two years after we deliver possession of the relevant property to the purchasers, or until the loans are fully repaid, at which time such guarantees are released. In line with industry practice, we do not conduct independent credit checks on our customers but rely instead on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, our outstanding guarantees over mortgage loans of our customers amounted to RMB297.2 million, RMB661.2 million, RMB719.3 million, RMB476.5 million and RMB1,175 million, respectively, which were approximately 14.7%, 15.7%, 14.5%, 7.4% and 16.5% of our total assets, respectively. The default rate on the repayment of our purchasers against the total guarantees we provided in connection with mortgage loans of our purchasers was approximately 0.02% during the Track Record Period. In the same period, we incurred a total loss of approximately RMB0.5 million on our guarantees of mortgage loans due to default on the underlying mortgages by certain of our purchasers. If a purchaser defaults under the mortgage loan and the mortgagee bank calls on our relevant guarantee after it deals with the relevant property through a default auction, we are required to repay the outstanding amount owed by the purchaser to the mortgagee bank under the loan, the mortgagee bank will assign its rights under the loan and the mortgage to us and we have full recourse to the property. Our business, results of operations and financial condition could be materially and adversely affected to the extent that there is a material depreciation in the value of the mortgaged properties or if we are unable to re-sell such properties due to unfavorable market conditions or other reasons.

Our results of operations may fluctuate from period to period

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period may be limited due to the substantial capital required for land acquisition and construction, as well as the lengthy development periods required before positive cash flows may be generated. In addition, several properties that we have developed or that are under development are large scale and are developed in multiple phases over the course of one to several years. The selling prices of the residential units in larger scale property developments tend to change over time, which may impact our sales proceeds and, accordingly, our revenues for any given period.

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Disputes with joint venture or our project development partners may materially and adversely affect our business

We carry out some of our business through joint ventures or in collaboration with other third parties. Such joint venture arrangements or collaboration involve a number of risks, including:

- disputes with our partners in connection with the performance of their obligations under the relevant project, joint venture or cooperative property development agreements;
- disputes as to the scope of each party's responsibilities under these arrangements;
- financial difficulties encountered by our partners affecting their ability to perform their obligations under the relevant project, joint venture or cooperative property development agreements with us; or
- conflicts between the policies or objectives adopted by our partners and those adopted by us.

Any of these and other factors may materially and adversely affect our business.

We may be required to forfeit land to the PRC government for failure to comply with the terms of the land grant contracts

Under PRC laws and regulations, if a property developer fails to develop land according to the terms of the land grant contract, including those relating to payment of fees, designated use of land, time for commencement and completion of the developments of the land, the relevant government authorities may issue a warning to or impose a penalty on the developer or require the developer to forfeit the land. Specifically, under current PRC laws and regulations, if property developers fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice to the property developers and impose an idle land fee on the land of up to 20% of the land premium. If property developers fail to commence development for more than two years from the commencement date stipulated in the land grant contract, the land may be subject to forfeiture to the PRC government. Moreover, even if the commencement of the land development is in compliance with the land grant contract, the land will nonetheless be treated as idle land if (i) the developed GFA on the land is less than one-third of the total GFA 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 (ii) the suspension of the development of the land has been over one year without governmental approval. On January 3, 2008, the State Council of the PRC promulgated the Circular on Conservation of Intensive Land Use (關於促進節約集約用地的通知) (Guo Fa (2008) No. 3) which reiterated the government's intent to enforce the above laws and regulations. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — D. Development of a Property Project" in Appendix VII to this prospectus for further details.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalty for late payment of land premiums and were not required to forfeit any land nor have we received any warning from the relevant governmental authorities or paid any penalties as a result of failing to commence development within two years of the relevant land grant contract. While we have complied with all development plans and payment obligations, there have been circumstances where the development of a portion of land for which our Group was granted land use rights was delayed beyond the date stipulated in the relevant land grant contract. As confirmed by relevant government authorities, in each case such delays were caused by force majeure, acts of government or preliminary work that was required to be undertaken prior to the commencement of development. According to relevant PRC laws and regulations, any delay in the commencement of development that can be attributed to any of the above factors will not result in the forfeiture of idle land and land grant deposits, or the imposition of any other penalty. Accordingly, Commerce & Finance Law Offices, our PRC legal counsel, are of the opinion that no such penalty has been imposed on us in respect of the above-mentioned delays. However, we cannot assure you that circumstances leading to forfeiture of land or

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delays in the completion of a property development may not arise in the future. If we are required to forfeit land, we will not be able to continue our property development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development costs and other costs incurred up to the date of forfeiture.

We are required to deliver individual property ownership certificates in a timely manner and the failure to do so may result in damages

Property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within one to two years after delivery of the property or within a time frame set out in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, property developers are required to submit requisite governmental approvals in connection with their property developments, including a land use rights certificate, a certificate evidencing the construction has met the requirements of relevant planning permits, a certificate evidencing the construction has completed, a property survey report, to the local bureau of land resources and housing administration after the receipt of the completion and acceptance certificate for the relevant properties and to apply for the general property ownership certificate in respect of these properties. Property developers are then required to submit, within regulated periods after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof for payment of deed tax, and the general property ownership certificate, to the bureau for review prior to the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. Property developers, including us, may become liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond our control. We cannot assure you that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates.

The relevant PRC tax authorities may challenge the basis on which we have been paying our LAT obligations and our results of operations and cash flows may be materially and adversely affected

All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the “appreciated value of the property,” as such term is defined in the relevant tax laws. See “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — J. Major Taxes Applicable to Property Developers — (iii) Land Appreciation Tax” in Appendix VII to this prospectus for further details. No LAT is payable for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the “total deductible items,” as such term is defined in the relevant tax laws. Under relevant PRC regulations, property developers were also exempted from the payment of LAT on the first transfer of land and buildings made during the five years commencing on January 1, 1994, subject to certain conditions. The period of LAT exemption was subsequently extended to the end of 2000. In 2006, 2007 and 2008 and for the six months ended June 30, 2009, we recorded a LAT expense in the amount of RMB46.1 million, RMB2.6 million, RMB104.2 million and RMB102.4 million, respectively, and we paid LAT in the amount of RMB1.3 million, RMB9.8 million, RMB17.6 million and RMB10.9 million, respectively.

On December 28, 2006, the SAT issued the LAT Notice, which became effective on February 1, 2007. The LAT Notice sets forth, among other things, methods of calculating LAT and a time frame for settlement of LAT. On May 12, 2009, the SAT issued the Provisions on Administration of the Settlement of Land Appreciation Tax (土地增值税清算管理規程), which became effective on June 1, 2009 and stipulates in detail the procedures for settlement of LAT and methods of calculating LAT. See

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“Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — J. Major Taxes Applicable to Property Developers — (iii) Land Appreciation Tax” in Appendix VII to this prospectus for further details. We believe we have accrued all LAT payable on our property sales and transfers in accordance with the progressive rates specified in relevant PRC tax laws, less amounts previously paid under the levy method applied by relevant PRC local tax authorities. However, provisioning for LAT requires our management to use a significant amount of judgment with respect to, among other things, the anticipated total proceeds to be derived from the sale of the entire phase of the project or the entire project, the total appreciation of land value and the various deductible items. As a result, the relevant PRC local tax authorities may not agree with our estimates or the basis on which we calculate our LAT liabilities. If the LAT provisions we have made are substantially lower than the actual LAT amounts assessed by the relevant PRC local tax authorities in the future, our results of operations and cash flows will be materially and adversely affected.

We are subject to multiple regulations of the PRC governmental authorities and any non-compliance or perceived non-compliance with these regulations may have a material and adverse effect on our business, financial condition and results of operations

Our business is regulated by various PRC governmental authorities and departments. If any PRC authority believes that we or any of our suppliers or contractors in the course of our operations are not in compliance with PRC regulations, it could delay or even shut down our construction or sales operations, refuse to grant or renew any necessary approvals or licenses, institute legal proceedings to seize our properties, enjoin future actions or impose civil and/or criminal penalties, pecuniary or otherwise, against us, our officers or our employees. Any such action by the PRC governmental authorities would have a material adverse effect on our business, causing delays to our development projects, or terminating them altogether. In recent years, the PRC Government has implemented many new laws and regulations or made amendments to existing regulations concerning real estate developers. We cannot guarantee that our development projects are fully compliant with the laws and regulations. If we are found to have breached, or are accused of having not complied with, or in the future do not comply with, any applicable PRC laws and regulations, we may be subject to the imposition of penalties or even suspension of business and confiscation of any acquired land. In such event, our business and reputation may be materially and adversely affected.

Our success depends on the continuing services of our senior management team and other key personnel

Our future success depends heavily upon the continuing services of our executive Directors and members of our senior management team, in particular, our chairman, executive Director and chief executive officer, Mr. Pan and our executive Director, Ms. Zeng. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. As competition in the PRC for senior management and key personnel with experience in property development is intense, and the pool of qualified candidates is very limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. If we fail to attract and retain qualified personnel, our business and prospects may be adversely affected.

We face competition for qualified employees in the real estate industry which may make it difficult for us to retain and recruit enough employees for the expansion of our business

Our long-term success depends on our ability to attract and retain qualified employees. We require a large number of qualified employees for each stage of our property development process and for our property operation services, property agency services and hotel services businesses. We expect to recruit more qualified employees as we continue to strengthen our existing business or expand our business into new geographical regions and into other segments of the real estate industry. The growth of the real estate industry in China has created an increasing demand for qualified employees in each

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segment of the real estate industry. While we have implemented certain measures aimed to promote effective recruitment and retention of our employees, we cannot assure you that these measures will be effective. If we are unable to recruit or retain a sufficient number of qualified employees for the continuation and expansion of our business, our business and prospects may be adversely affected.

We may suffer losses arising from uninsured risks

In line with industry practice, we do not maintain insurance for destruction of or damage to our property developments (whether they are under development or have been completed and are pending delivery) other than with respect to those buildings over which our lending banks have security interests, for which we are required to maintain insurance coverage under the relevant loan agreements. Similarly, we do not carry insurance covering construction-related personal injuries. In addition, we do not carry insurance for any liability arising from allegedly tortious acts committed on work sites. We cannot assure you that we would not be sued or held liable for damages due to such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property development that has been destroyed. In addition, any payment we make to cover any losses, damages or liabilities may have a material adverse effect on our business, financial condition and results of operations.

The total GFA of some of our property developments exceeds the original authorized area and the excess GFA is subject to governmental approval and payment of additional land premium

When the PRC government grants the land use rights for a piece of land, it will specify in the land grant contract the use of the land and the total GFA that the developer may develop on this land. The actual GFA constructed, however, might have exceeded the total GFA authorized in the land grant contract due to factors such as subsequent planning and design adjustments. The amount of GFA in excess of the authorized amount is subject to approval when the relevant authorities inspect the properties after their completion and the developer may be required to pay additional land premium in respect of this excess GFA. If we fail to obtain the completion certificate due to such excess GFA, we will not be allowed to deliver the relevant properties or recognize the revenue from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. We cannot assure you that the total constructed GFA of our existing projects under development or any future property developments will not exceed the relevant authorized GFA upon completion or that we will be able to pay the additional land premium and obtain the completion certificate on a timely basis.

The ancillary facilities in residential projects developed by us may not always be available to residents in the projects

Many of the residential projects developed by us have ancillary facilities such as schools that enhance the value of properties in such projects by providing convenience and a better living environment to residents. We do not, however, own or operate any of these ancillary facilities except for clubhouses and therefore cannot guarantee that these ancillary facilities will continue to operate and provide services to residents in the properties developed by us. In the event that any of these ancillary facilities cease to operate and we cannot arrange for replacement services, properties in the affected project will become less attractive to potential purchasers, which will adversely affect our business to the extent that we have properties unsold or held for investment purposes in such project. In addition, our reputation may also be adversely affected as a result of the unavailability of such ancillary facilities.

The interests of our Controlling Shareholders may not align with those of our other shareholders

Immediately following the Global Offering and the Capitalization Issue, the Controlling Shareholders will beneficially own approximately 65.325% of our outstanding Shares on a fully diluted basis, or

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approximately 62.964% of our outstanding Shares if the Over-allotment Option is exercised in full. The interests of our Controlling Shareholders may differ from the interests of our other shareholders. The Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, the election of Directors and other significant corporate actions. In cases where their interests are aligned and they vote together, the Controlling Shareholders will also have the power to prevent or cause a change in control. Without the consent of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us and our other Shareholders. We cannot assure you that our Controlling Shareholders will act completely in our interests or that conflicts of interest will be resolved in our favor.

We may be involved in legal and other proceedings arising out of our operations from time to time and may incur substantial losses and face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and sale of our properties, including business partners, contractors, suppliers, construction workers and purchasers. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule, and the diversion of resources and management's attention, regardless of the outcome. Furthermore, if we fail to resolve these disputes in our favor, we may incur substantial losses and face significant liabilities. For example, in June 2007 and April 2009, Shenzhen Fantasia Investment filed civil complaints in the People's Court of Futian District, Shenzhen against Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the property manager of the Shenzhen Endless Blue (深圳碧雲天) project since December 2006, relating to the 177 car parking spaces in our Shenzhen Endless Blue (深圳碧雲天) project which we have retained for investment purposes. The complaints assert that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has illegally occupied those car parking spaces and collected parking fees without our consent since December 2006. The civil complaint filed in June 2007 requested the court to (i) confirm that Shenzhen Fantasia Investment has property interests in the contended car parking spaces including the rights to use and lease the contended car parking spaces and the right to all benefits and profits generated from the contended car parking spaces; (ii) order Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return the contended car parking spaces to Shenzhen Fantasia Investment; (iii) order Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return to Shenzhen Fantasia Investment all revenues that it has generated from the contended car parking spaces since December 2006, plus interest; and (iv) freeze RMB756,164 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). The court granted our application to freeze RMB756,164 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) and on February 6, 2009, the court issued its judgment in respect of the claim filed in June 2007, which confirmed that Shenzhen Fantasia Investment has the right to all benefits and profits from the contended car parking spaces. The court ordered Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return RMB526,575 to Shenzhen Fantasia Investment and an additional RMB3,914 in interest. However, on the basis that (i) a single property development such as Shenzhen Endless Blue (深圳碧雲天) may only have one property manager at any one time; and (ii) the local government in Shenzhen has not issued rules on registration of property rights in car parking spaces, the court did not grant our other requests in the complaint. On March 3, 2009, we appealed to the Intermediate People's Court of Shenzhen and asked for the reversal of the judgment insofar as the judgment is not in our favor. Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has also appealed the judgment. The Intermediate People's Court of Shenzhen held an appeal hearing on July 6, 2009, but has not yet issued its judgment. On April 21, 2009, we filed a separate claim at the People's Court of Futian District, Shenzhen in respect of the revenue for the contended car parking spaces for the period May 1, 2008 until November 30, 2009 as well as an application to freeze RMB845,196 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). While the court has granted our application to freeze RMB845,196 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the hearing has been suspended pending the outcome of the appeal with

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the Intermediate People's Court of Shenzhen. As of the Latest Practicable Date, the total amount claimed by us in respect of the two separate claims was RMB1,601,360.

Commerce & Finance Law Offices, our PRC legal counsel, has advised us that we have valid ownership rights of the contended car parking spaces and have the rights to use and lease the contended car parking spaces. In addition, notwithstanding the lack of a public registration system for property rights in car parking spaces in Shenzhen, our interests in car parking spaces in Shenzhen, including the right to all income derived from leasing the contended car parking spaces, are protected on the basis that we have legally obtained a Shenzhen City Permit for Car Park Business Operations (深圳市經營性停車場許可證) from local government authorities. However, our rights to lease or transfer the contended car parking spaces are restricted in that (i) when leasing or transferring the right to derive economic interests with respect to the contended car parking spaces, we are required to give preference to property owners in the project, and (ii) any transfer of ownership rights with respect to the contended car parking spaces cannot be registered because the local government in Shenzhen has not issued rules on registration of property rights in car parking spaces. We cannot assure you that we can obtain the judgment in favor of us and obtain the property interest and amounts claimed by us. For additional information, see "Our Business — Legal Proceedings." In addition, our relationship with Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) may deteriorate as a result of the dispute, which may potentially damage the property management services provided by Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to Shenzhen Endless Blue (深圳碧雲天).

We may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties and/or delay our property developments. In such cases, our results of operations and cash flow could be materially and adversely affected.

We are subject to potential environmental liability that could result in substantial costs

Property developers in the PRC are subject to a variety of laws and regulations concerning the protection of health and 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. Efforts taken to comply with environmental laws and regulations may result in delays in development, and substantial compliance and other costs and can prohibit or severely restrict project development activities in environmentally-sensitive regions or areas. In addition, as required by PRC laws and regulations, each property development project is required to undergo environmental assessments and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. Failure to receive approval on the environmental impact assessment report prior to construction may result in suspension of construction and a penalty amounting to RMB50,000 to RMB200,000 for each project.

The environmental investigations conducted relating to each of our property development projects to date have not revealed any material environmental liability. However, it is possible that these investigations did not reveal all environmental liabilities and there may be environmental liabilities of which we are unaware that may have a material adverse effect on our business, financial condition or results of operations. For additional information, see "Our Business — Environmental Matters."

The valuation attached to our property interests contains assumptions that may or may not materialize

Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income for the period in which they arise. The valuation of our properties as of September 30, 2009, prepared by Jones Lang LaSalle Sallmanns Limited, is contained in the Property Valuation Report in Appendix IV to this prospectus.

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The valuations are based on certain assumptions which, by their nature, are subjective and uncertain and may differ materially from actual results. For example, with respect to properties under development and planned for future development, the valuations are based on assumptions that (1) the properties will be developed and completed in accordance with the development proposals, (2) regulatory and governmental approvals for the proposals have been obtained, (3) all premiums in connection with the properties have been paid and the properties are free of encumbrances and other restrictions and (4) we are in possession of the proper legal titles and are entitled to transfer the properties at no extra land premium. For properties owned by the project companies in which we have an attributable interest of less than 100%, the valuation assumes that the interest of the relevant project companies in the aggregate value of the property or business is equal to our proportionate ownership interest in the relevant company or business. Accordingly, the valuations are not a prediction of the actual value we expect to realize from these properties. Unanticipated results or changes in particular property developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income

The EIT Law and the implementation regulations to the EIT Law issued by the PRC State Council became effective on January 1, 2008. Under the EIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. It is, however, currently unclear under what situations an enterprise’s “de facto management body” would be considered to be located in China. The SAT promulgated the Circular on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in Accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) in April 2009 which defines the term “management body” in respect of enterprises that are established offshore by PRC enterprises. However, no definition of “management body” is provided for enterprises established offshore by private individuals or foreign enterprises like us. As such, Commerce & Finance Law Offices, our PRC legal counsel, has advised us that there is uncertainty whether we will be deemed as a PRC “resident enterprise” for the purpose of the EIT Law. Substantially all of our management is currently based in China, and therefore, we may be treated as a PRC “resident enterprise” for enterprise income tax purposes. The tax consequences of such treatment are currently unclear, as they will depend on the implementation regulations and on how local tax authorities apply or enforce the EIT Law or the implementation regulations. See “— Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.”

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws

Under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises” (and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realized on the transfer of shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. The PRC income tax rate is reduced from 10% to 5% for investors who are “non-resident enterprises” established in Hong Kong. As advised by Commerce & Finance Law Offices, our PRC legal counsel, there is uncertainty whether we will be considered a PRC “resident enterprise” for the purpose of the EIT Law. If we are considered a PRC “resident enterprise,” the dividends we pay in respect to our Shares, and the gain you may realize from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax, which may materially and adversely affect the value of investment in our Shares.

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We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have; any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business and such dividends may be subject to PRC taxation

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we may incur. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our consolidated PRC entities only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Under PRC laws, rules and regulations, all of our PRC entities are required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their respective statutory capital reserve funds until the accumulative amount of such reserves reaches 50% of their respective registered capital. As a result, all of our PRC entities are restricted in their ability to transfer a portion of their net income to us whether in the form of dividends, loans or advances. As of June 30, 2009, our restricted reserves totaled RMB30.5 million. Our restricted reserves are not distributable as cash dividends. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, pay dividends or otherwise fund and conduct our business.

Under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends paid by Chinese enterprises to “non-resident enterprises,” subject to the application of any relevant income tax treaty that the PRC has entered into. As advised by Commerce & Finance Law Offices, our PRC legal counsel, there is uncertainty whether we or any of our non-PRC subsidiaries will be considered “non-resident enterprises” for the purpose of the EIT Law. If we or our non-PRC subsidiaries are considered “non-resident enterprises,” any dividend that we or any such subsidiary receive from our PRC subsidiaries may be subject to PRC taxation at the rate of 10% (or a lower treaty rate, if any).

Dividends paid in the past should not be treated as indicative of our future dividend payments or policy

Our Company has not distributed any dividends since its incorporation on October 17, 2007. Certain subsidiaries of our Company paid dividends of approximately RMB1.0 million in each of the years ended December 31, 2007 and 2008.

In the future, the amount of any dividends that we may declare and pay will be subject to, among other things, the full discretion of our directors, and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our directors may deem relevant. The amounts of distributions that any company within our Group has declared and made in the past are not indicative of the dividends that we may pay in the future.

RISKS RELATING TO OUR INDUSTRY

PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business

Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the scale of the increase in property investments, the PRC government has introduced policies to curtail property development. On March 26, 2005, the General Office of the State Council promulgated the Circular on Duly Stabilizing the Prices of Residential Properties (關於切實穩定住房價格的通知) requiring measures to be taken to restrain the prices of residential properties from increasing too fast. On May 9, 2005, the General Office of the State Council approved the Opinion on Improving the Works on Stabilizing the Prices of Residential Properties (關於做好穩定住房價格工作的意見) issued by seven departments of the State

Council, setting out guidelines for the relevant PRC authorities to control the rapid growth in the residential property market. On May 24, 2006, the General Office of the State Council approved the Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices (關於調整住房供應結構穩定住房價格的意見) issued by nine departments of the State Council. On September 27, 2007, PBOC and CBRC issued the Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的通知). These measures, among others, imposed various restrictions on lending funds to property developers and extending mortgage loans to property purchasers. These measures also provide that the total area of units with a GFA of less than 90 square meters must equal at least 70% of a residential housing project's total GFA. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — K. Measures on Stabilizing Housing Price" in Appendix VII to this prospectus for further details. We cannot assure you that the governmental authorities will not require us to modify our development plans or that these new measures will not adversely impact our business due to the uncertainties involved in implementing these new measures.

On July 11, 2006, the MOC, MOFCOM, the NDRC, the PBOC, SAIC and SAFE jointly issued the 171 Opinion which aims to regulate access by foreign investors to the domestic property market and to strengthen supervision over property purchases by foreign-invested enterprises. The 171 Opinion provides for, among other things, stricter standards for a foreign institution or an individual when purchasing real property in the PRC which is not intended for personal use. On May 23, 2007, MOFCOM and SAFE promulgated the Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (關於進壹步加強、規範外商直接投資房地產業審批和監管的通知), or the "Notice 50", which imposed additional restrictions and requirements on foreign investment in the real estate industry. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — B. Foreign-invested Property Enterprises" in Appendix VII to this prospectus for further details.

Although the various control measures are intended to promote more balanced property development in the long-term, we cannot assure you that these measures will not adversely affect the development and sales of our properties. In addition, although the PRC government has, due to the recent global financial and economic crisis, introduced an offsetting stimulus package, which included the reduction of deed taxes for first-time purchasers of ordinary residential property of less than 90 square meters, the waiver of stamp duty fees for individuals who are purchasing or selling ordinary residential properties, and the exemption of land appreciation tax for individuals who are selling ordinary residential properties, among other benefits, there is no assurance that such policy would remain and that the various control measures would not be re-implemented once the economy stabilizes, which may adversely affect our business, results of operations and financial condition.

The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds which may delay or prevent us from deploying the funds raised in this offering to our business in China and therefore materially and adversely affect our liquidity and our ability to fund and expand our business

On July 10, 2007, the General Affairs Department of SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), or the "SAFE notice". The notice stipulates, among other things, (i) that SAFE will no longer process foreign debt registrations or applications for the purchase of foreign exchange submitted by real estate enterprises with foreign investment who obtained authorization certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or alteration of such registrations) or applications for the sale and purchase of foreign exchange submitted by real estate enterprises with foreign investment which obtained approval certificates from local government commerce departments on or after June 1, 2007 but which did not register with MOFCOM. This new

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regulation restricts the ability of foreign-invested real estate companies to raise funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans. Nonetheless the SAFE notice does not restrict property developers from receiving foreign capital by way of increasing the registered capital of existing foreign-invested companies or through the establishment of new foreign-invested real estate companies, provided that such registered capital increase or new company establishment has been duly approved by local branches of MOFCOM and registered with MOFCOM or duly approved by MOFCOM.

Like other foreign-invested PRC property developers we are subject to the notice. We intend to repatriate any offshore funds we may raise in the future through the establish of new subsidiaries or the subscription to increases in the registered capital of our existing subsidiaries. Following the implementation of the SAFE notice, we have successfully remitted foreign funds from our offshore holding entities into Fantasia Group (China), Fantasia Chengdu Ecological and Shenzhen Zhifu through the increase of registered capital that were registered with MOFCOM. However, we cannot assure you that we will be able to obtain in a timely manner, if at all, all necessary foreign-exchange approval certificates for the deployment of offshore funds, or that we will be able to obtain in a timely manner, if at all, any registration of new foreign-invested subsidiaries or additional registered capital increases in the future. Further, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to repatriate to China the funds raised in this offering. If we fail to repatriate to China any or all of the net proceeds raised in this offering, our liquidity and our ability to fund and expand our business could be adversely and materially affected.

In addition, any capital contributions made to our operating subsidiaries in China are also subject to the foreign investment regulations and foreign exchange regulations in the PRC. For example, in accordance with a circular promulgated by the SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprises into Renminbi (關於完善外商投資企業外匯資金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investment or acquisition. Pursuant to this circular, we may encounter difficulties in increasing the capital contribution to our project companies 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 capital contributions to our project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our results of operations.

We are heavily dependent on the performance of the property market in China, which is at a relatively early stage of development

The property development industry and the ownership of private property in the PRC are still in a relatively early stage of development. Although demand for private property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. It is extremely difficult to predict how much and when demand will develop, as many social, political, economic, legal and other factors, all of which are beyond our control, may affect market development. The level of uncertainty is increased by the limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of a liquid secondary market for private property may discourage the acquisition of new properties as resale is not only difficult, but can also be a long and costly process. 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 inhibit demand for property developments, property operation services and property agency services.

Increase in resettlement costs and the inability to reach resettlement agreements associated with certain property developments may materially and adversely affect our business, financial condition and results of operations

Land parcels acquired by property developers for future development may have existing buildings or other structures or be occupied by third parties. In accordance with the City Housing Resettlement Administration Regulations (城市房屋拆遷管理條例) and applicable local regulations, a property developer in the PRC is required to enter into a written agreement with the owners or residents of existing buildings subject to demolition for development, directly or indirectly through the local government, and to provide compensation for their relocation and resettlement. The compensation payable by the property developer is calculated in accordance with a pre-set formula determined by the relevant provincial authorities, which may be subject to change. If such compensation formula is changed and the levels of compensation increased, land acquisition costs for property developers may be subject to substantial increases. In addition, if property developers or the local government fail to reach an agreement over compensation with the owners or residents of the buildings subject to demolition, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay a project's timetable. Such delays may lead to an increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects. If we experience an increase in resettlement costs or experience delay due to our inability to reach a resettlement agreement, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO THE PRC

Changes in PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects

Substantially all of our business and operations are conducted in China. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to economic, political and social developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Certain measures taken by the PRC government to guide the allocation of resources may benefit the overall economy of China but may, however, also have a negative effect on us. For example, our business, financial condition, results of operations and prospects may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us

Our business and operations are primarily conducted in China and governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protection to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of

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economic activities in China. As many of these laws, rules 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, rules and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

Fluctuation in the exchange rates of the Renminbi may have a material adverse effect on your investment

The exchange rates between the Renminbi and the Hong Kong dollar, the U.S. dollar and other foreign currencies is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.5% each day. This change in policy has resulted in the value of the Renminbi appreciating against U.S. dollar by approximately 21.5% over the following three years.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currency. As we rely on dividends paid to us by our operating subsidiaries, any significant revaluation of the Renminbi may have a material adverse effect on the value of dividends payable in foreign currency terms. To the extent that we need to convert the proceeds from the Global Offering and future financing into the Renminbi for our operations, appreciation of the Renminbi against the relevant foreign currencies would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively

Substantially all of our revenue is denominated in Renminbi. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch 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 loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate 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 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. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies.

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Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options and restricted share units may subject such employees or us to fines and legal or administrative sanctions

Pursuant to the Implementation Rules of the Administration Measure for Individual Foreign Exchange (個人外匯管理辦法實施細則), or the Individual Foreign Exchange Rules, issued on January 5, 2007 by SAFE and relevant guidance issued by SAFE in March 2007, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or other qualified PRC agents, to obtain the approval of SAFE and complete certain other procedures related to the share options or other share incentive scheme. However, no requirements or administrative rules have been issued by SAFE in connection with the registration process for employees of overseas non-listed companies that participate in employee stock holding plans or stock option plans. In addition, foreign exchange income from the sale of shares or dividends distributed by the overseas listed company must be remitted into a foreign currency account of such PRC citizen or exchanged into Renminbi. Our PRC citizen employees who may be granted share options or restricted share units in the future, or our future PRC option holders, will be subject to the Individual Foreign Exchange Rules. If we or our future PRC option holders fail to comply with these regulations, we or our future PRC option holders may be subject to fines and legal or administrative sanctions.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us, our directors and our senior management

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, the substantial majority of our directors and senior management reside within China. As a result, it may not be possible for investors to effect service of process outside China upon the substantial majority of our directors and senior management. Moreover, China does not have treaties with the United States, the United Kingdom or many other countries providing for the reciprocal recognition and enforcement of judgment of courts. As a result, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult.

The national and regional economies may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects

In May 2008, a major earthquake and aftershocks struck Sichuan province in southwestern China. The epicenter was approximately 80 kilometers from Chengdu, where we have 11 development projects comprised of five developed projects and six projects that are currently under development or held for future development. While none of these projects suffered any material physical damages from the earthquake, some completed properties in the projects suffered minor damages such as cracks on the walls. While we do not have any legal liability to our customers for such damages as they were caused by the earthquake, which constitutes force majeure, we decided to repair such cracks for our customers at our own costs in order to increase our customer satisfaction and enhance our reputation as a responsible property developer. Construction of our projects in Chengdu was also suspended for about two months in compliance with orders issued by the local government that were applicable to all construction projects in Chengdu after the earthquake. Sale of our properties in Chengdu also dropped significantly during the few months after the earthquake. Our business could be materially adversely affected if any other natural disasters occur in the regions that we have business. In addition, certain areas of China are susceptible to epidemics, such as Severe Acute Respiratory Syndrome ("SARS"), the H1N1 influenza, also known as swine flu, or avian influenza, natural disasters or severe weather conditions. A recurrence of SARS, an outbreak of H1N1 or avian influenza or any other epidemics, natural disasters or severe weather conditions in China could adversely affect the regional and national economies of Asia, including China, and could also result in material disruptions to our property developments and property related services and reduce the value of our investment properties, which in turn would adversely affect our financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of the Shares may be volatile

Prior to the Global Offering, no public market for our Shares existed. Following the completion of the Global Offering, the Stock Exchange will be the only market on which our Shares are listed. We cannot assure you that an active public trading market for our Shares will develop or be sustained. In addition, our Shares may be traded in the public market subsequent to the Global Offering below the Offer Price. The Offer Price will be determined by agreement among us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators on behalf of the Underwriters, and may differ significantly from the market price of our Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

The trading price of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC-based companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenues, earnings and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

The sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares

Future sales by the Controlling Shareholders and/or the Investors of substantial amounts of our Shares in the public markets after the Global Offering could adversely affect prevailing market price of our Shares from time to time. Please refer to the section entitled “Underwriting” of this prospectus for more detailed discussion of the restrictions that may apply to future sales of our Shares. After these restrictions lapse, the market price of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible assets value to HK\$0.83 per Share, based on the maximum Offer Price of HK\$2.20, assuming that the Over-allotment Option is not exercised.

RISK FACTORS

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or securities convertible into Shares in the future. We may also issue additional Shares pursuant to our Share Option Scheme. Purchasers of our Shares may experience dilution in the net tangible assets book value per share of their Shares if we issue additional Shares or securities convertible into Shares in the future at a price which is lower than the net tangible assets book value per Share.

We cannot guarantee the accuracy of facts, forecasts and other statistics derived from official government publications with respect to the PRC and any provinces, cities or regions thereof or with respect to the economy and the property industry of the PRC and any provinces, cities or regions thereof contained in this prospectus

Facts, forecasts and other statistics in this prospectus relating to the PRC and any provinces, cities or regions thereof or with respect to the economy and the property industry of PRC and any provinces, cities or regions thereof have been derived from various official government publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors, the Joint Bookrunners, the Joint Global Coordinators, the Joint Lead Managers or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between official government publications and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, including but not limited to, coverage in the 21st Century Business Herald, Apple Daily, Hong Kong Daily News, Hong Kong Economic Times, Oriental Daily News and Sing Tao Daily in October 2009, among others, certain financial information, industry comparisons, and/or other information about the Global Offering and the Group that does not appear in this prospectus. There may continue to be additional press and media coverage on us and this Global Offering. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent with, or conflicts with, the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.