

OVERVIEW

We are a leading property developer and property related service provider in China. We are the only property company in China with members of our Group being ranked among the 2009 China Top 100 Real Estate Developers (2009中國房地產百強企業), the 2009 China Top 100 Real Estate Agencies (2009中國房地產策劃代理百強企業), and the 2008 China Top 100 Property Management Companies (2008中國物業服務百強企業) by the China Real Estate Top 10 Research Team.⁽¹⁾ We first commenced our property development business in Shenzhen in 1996. Leveraging on our broad experience and capabilities, we have successfully expanded into and currently focus our real estate activities in four of the fastest-growing economic regions in China, namely the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region.

Our target customers are affluent middle- to upper-class individuals and families and high-growth small- to medium-sized enterprises. We envisage that the demand for properties designed for these customers will increase as such customers' household income and purchasing power continue to rise. To cater to the diverse needs of our target customers, we develop a portfolio of property development projects with a focus on the following types of properties:

- *Urban Complexes*

These urban complexes are mostly located in the peripheral areas of existing central business districts in major cities or in the emerging new business districts under city development plans of local governments. These complexes integrate various types of properties, such as offices, apartments, retail shops and/or boutique hotels, into one property development project. For example, our urban complex Chengdu Hailun Plaza (成都喜年廣場), which has received several awards, will be the tallest building and a local landmark in Chengdu when completed in November 2009 as currently expected, and we believe our Meinian International Plaza (美年國際廣場) is one of the largest urban complexes currently under development in Chengdu.

- *Boutique Upscale Residences*

These boutique upscale residences are located in urban and suburban areas with natural scenic surroundings or cultural landmarks. They are linked by roads or expressways to the centers of major metropolitan areas. These boutique upscale residences include high- and low-rise apartment buildings, townhouses and individual houses and cater to the residential and investment needs of our high-end consumers. We typically develop our boutique upscale residential projects in several phases so that we can manage our capital resources more efficiently and increase the average selling price as the project becomes more developed and attractive to our customers. Examples of such boutique upscale residential projects include Grand Valley (大溪谷), a large scale residential complex that is adjacent to a planned ecological and sports park in Pujiang County of Chengdu, and Chengdu Mont Conquerant (成都君山), a

(1) The China Real Estate Top 10 Research Team has conducted research on the Top 100 Real Estate Enterprises in the PRC since 2004. Its research has been quoted by various Hong Kong and PRC-listed companies in their prospectuses and annual reports. Data used by the China Real Estate Top 10 Research Team includes data derived from survey completed by the individual real estate companies, publicly available information of the individual real estate companies, statistical data from institutions such as China Real Estate Index System (中國房地產指數系統), Real Estate Searching Academy (搜房研究院) and China Villas Index System (中國別墅指數系統) and from relevant government ministries and bureaus. The research conducted considers factors such as the size, profitability, debt payment ability, growth potential, operating efficiency and social responsibility of researched companies and has established minimum thresholds in which companies must meet before being considered, such as the minimum of RMB300 million in annual revenue or 100,000 in annual square meters sold for property developers for three consecutive years, property management companies that have received first class qualification from the relevant government authorities or property agency services companies that have sold more than 100,000 annual square meters for three consecutive years as to their primary property agency services. The China Real Estate Top 10 Research Team conducts analysis on 500 property developers, 500 property management companies and 200 property agency services companies annually, and has awarded 100 awards to property developers, 50 awards to property management companies and 50 awards to property agency services companies in connection with its annual ranking.

large scale residential community located in a famous tourist attraction in Xinjin County of Chengdu.

As of the Latest Practicable Date, our portfolio of land bank consisted of 57.7% of boutique upscale residences, 29.5% of urban complexes and 12.8% of other properties in terms of GFA. We plan to continue to focus our property development activities on developing a portfolio of products that caters to our target customers across four of China's most economically prosperous regions. We plan to achieve this objective by continuing to selectively acquire low-cost land in the four regions. We conduct comprehensive and in-depth market research and analysis as to the land that we intend to acquire and the surrounding areas. We consider the geographic as well as marketing factors when evaluating a target parcel, including development potentials, size and suitability of the land for developments that can fit into our existing portfolio, convenience and availability of infrastructure support, purchasing power of our potential customers in relevant areas, development costs and the estimated return on investment. We budget for the cost of land acquisition as well as the overall development costs, which are subject to strict internal procedures and are closely monitored and adjusted throughout the construction process. All relevant departments of our Group, including our chief executive officer and our board of directors, will review and approve the proposed acquisition. We usually acquire land using our own capital within a pre-set budget and arrange project loans with banks in China at a later stage to support the subsequent development of the property.

In addition to our property development business, we are also engaged in providing property operation services, property agency services and hotel services to our own properties and properties of third parties. We believe engaging in such property related services strengthens our property development capabilities. For example, our property operation services enhance the value of our developments while our property agency services enable us to maximize our marketing and selling efforts. We plan to continue to enhance such real estate services that we offer and to further enhance the intrinsic synergies between our real estate products and services. We will in particular focus on enhancing our property operation services and hotel services which we believe will serve as relatively stable and growing revenue sources to our Group on the one hand, and will continue to increase the attractiveness and the average selling price of the properties developed by us on the other.

We have received numerous accolades for our property development and service capabilities. Our subsidiary, Fantasia Group (China), won the 2008 Corporate Citizen Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度中國地產企業公民大獎) presented by the Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and the 21st Century Economy Review (21世紀經濟報導). Our subsidiary, Fantasia Chengdu Development, was awarded the Real Estate Corporate of the Year for the Golden Hibiscus Prize in Chengdu in 2008 (2008金芙蓉杯成都地產年度企業金獎) by Chengdu Real Estate Bureau (成都市房地產管理局) and Sichuan Daily Press Group (四川日報報業集團). Our property development projects have also won numerous awards and recognitions for their design and quality. For example, our project Shenzhen Future Plaza (深圳香年廣場) won the 2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) presented by the Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and the 21st Century Economy Review (21世紀經濟報導). Chengdu Hailun Plaza (成都喜年廣場), our urban complex project which is under development, was recognized as the Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) and won the Ginkgo Prize as the Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008成都最具行業推動力寫字樓大獎) presented by Chengdu Media Group (成都傳媒集團) and Chengdu Television Station (成都電視臺), respectively. Self Life (趣園), our completed residential project in Shenzhen, was awarded the Golden Bull Prize in 2005 (2005年度金牛獎), one of the most prestigious awards in the real estate industry in Shenzhen, by the Shenzhen Construction Industry Association (深圳市建築業協會).

As of the Latest Practicable Date, we had a total of 29 projects at various stages of development (i.e. completed projects, projects under development and projects held for future development), including 11 projects located in the Chengdu-Chongqing Economic Zone, 14 projects located in the Pearl River Delta region, two projects located in the Yangtze River Delta region and two projects located in the Beijing-Tianjin metropolitan region.

OUR BUSINESS

As of the Latest Practicable Date, we had a total land bank of approximately 10,714,794 square meters, which consists of:

- (i) an aggregate planned GFA of approximately 5,125,172 square meters of properties with land use rights obtained (consisting of an aggregate planned GFA of approximately 1,247,504 square meters of properties under development and an aggregate planned GFA of approximately 3,877,668 square meters of properties held for future development for which we have obtained land use rights); and
- (ii) an aggregate planned GFA of approximately 5,589,622 square meters of properties for which we had not obtained the land use rights or property rights (consisting of an aggregate planned GFA of approximately 620,759 square meters of properties held for future development for which properties rights are yet to be acquired and an aggregate planned GFA of approximately 4,968,863 square meters for which we had entered into preliminary framework agreements with the local government authorities and relevant third parties). The preliminary framework agreements are legally binding but, before we are able to obtain the relevant land use right certificates, we are still required by the relevant PRC laws and regulations (i) in respect of our Pixian and Yunnan projects, to successfully complete the public tender, auction or listing-for-sale process, enter into a land grant contract and pay relevant land grant premium; and (ii) in respect of our Beijing Tongzhou project, to enter into and perform our obligations under a formal share transfer agreement and duly complete registration procedures for such transfer of equity ownership with the relevant government authorities.

Of our total land bank, approximately 7,603,675 square meters, or 70.9%, were held in the Chengdu-Chongqing Economic Zone; approximately 1,185,355 square meters, or 11.1%, were held in the Pearl River Delta region; approximately 574,553 square meters, or 5.4%, were held in the Yangtze River Delta region; approximately 354,680 square meters, or 3.3%, were held in the Beijing-Tianjin metropolitan region; and approximately 996,531 square meters, or 9.3%, were held in other regions. We develop most of our properties, including properties that are currently under development, for sale but will hold certain of these developed properties for investment.

In 2006, 2007, 2008 and for the six months ended June 30, 2009, our revenue was RMB342.3 million, RMB772.1 million, RMB1,174.2 million and RMB1,343.0 million, respectively. Our revenue during the Track Record Period consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services, and (vi) other operations. The following table sets forth our revenue for each of the components described above and the percentage of total revenue represented for the periods indicated with the fluctuations of the percentage due primarily to the different product mix delivered to customers in respective period:

	Year Ended December 31,						Six Months Ended June 30,	
	2006		2007		2008		2009	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Property development	241,209	70.5	619,168	80.2	1,064,604	90.7	1,287,470	95.9
Non-residential properties ⁽¹⁾ . . .	97,231	28.4	13,643	1.8	517,768	44.1	379,898	28.3
Residential properties	143,978	42.1	605,525	78.4	546,836	46.6	907,572	67.6
Property investment	7,283	2.1	10,649	1.4	11,029	0.9	5,454	0.4
Property agency services	74,899	21.9	97,151	12.6	40,224	3.5	22,396	1.7
Property operation services	14,986	4.4	41,857	5.4	57,875	4.9	26,001	1.9
Hotel services	—	—	—	—	479	0.0	1,673	0.1
Others	3,962	1.1	3,232	0.4	—	—	—	—
Total	342,339	100.0	772,057	100.0	1,174,211	100.0	1,342,994	100.0

Note:

(1) Comprised namely of commercial and industrial properties and certain car parking spaces.

COMPETITIVE STRENGTHS

Property development portfolio strategically located across four of China's most economically prosperous regions

We focus our business activities across four of the most economically prosperous and vibrant regions in China, namely, the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region. Each of the four regions has experienced strong growth over the past several years. As of the Latest Practicable Date, planned GFA under development and held for future development in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region were approximately 3,686,343 square meters, 1,185,355 square meters, 574,553 square meters and 299,680 square meters, respectively. We have already established a strong market position in certain of our targeted regions, such as in the Chengdu-Chongqing Economic Zone and the Pearl River Delta region, and several of our developments in those regions are well-regarded award-winning properties. We believe that these four regions are where a significant portion of our target customers operate and reside. As a result, our geographically diversified property development portfolio across our targeted regions will position us well to capture the growing real estate needs and consumption power of our target customers.

Ability to acquire low-cost land

During the Track Record Period, our average unit land cost based on GFA was approximately 11% of our average unit selling price. We believe our ability to acquire low-cost land is primarily due to our business focus on developing urban complexes in the peripheral areas of existing central business districts or emerging new business districts and boutique upscale residences in the countryside. As a result, we have a wider range of choices when selecting land sites for our property developments than other property developers who focus on developing properties in existing central business districts or well-established residential areas in major cities. We believe our wide range of choices of land sites allows us to avoid intense competition in the land acquisition process and thereby reduces our land acquisition costs. In addition, we believe our ability to acquire low-cost land is attributed to our property development capabilities that have enabled us to develop different kinds of land and properties. We believe our operating flexibility as to the size and location of the land that we can develop enables us to take each opportunity presented to us to acquire land site at low cost. Furthermore, our scientific and disciplined approach as to land selection and evaluation has contributed to our low-cost land as well. We conduct thorough research and analysis and try to identify the future growth potential of a land site for our property development ahead of our competitors so as to avoid price competition. We believe our ability to acquire low-cost land will allow us to use our working capital more efficiently, maintain a healthy profit margin and respond more effectively to changing market conditions.

Strong replicable business model

We have a strong property development capability to develop a wide range of properties in different regions. We focus our development capabilities on urban complexes and boutique upscale residences to meet the demand of our target customers. We have replicated our success in various markets in China while continue to be able to quickly and effectively develop a diverse range of high-quality properties that meet the need of our target customers. For example, we have successfully developed Shenzhen Future Plaza (深圳香年廣場) in Shenzhen in 2007, a multi-building complex that has received several awards, and were able to translate such success to the development of Chengdu Hailrun Plaza (成都喜年廣場), an urban complex that will be the tallest building and a local landmark in Chengdu when completed in November 2009 as currently expected. Our ability to develop such large scale complexes has also led to the development of Meinian International Plaza (美年國際廣場), one of the largest urban complexes currently under development in Chengdu, and Tianjin Hailrun Plaza (天津喜年廣場), an urban complex in Tianjin. Similarly, we were able to expand from developing boutique upscale residences in Chengdu with our Grand Valley (大溪谷) to developing Chengdu Mont Conquerant (成都君山) in Chengdu, Dongguan Mont Conquerant (東莞君山) in Dongguan to Town on the Water (雲海間) in Yixing. We believe such strong development capabilities provide us with significant leverage for our future business growth.

Well-known brand name with strong value-accretion property development and service capabilities

We believe we have established a strong brand name in the property market in China. We have focused our property development efforts on developing a portfolio of properties as well as provide real estate services that cater to the diverse need of our targeted customers, which we believe have allowed us to achieve strong track records in the sale of our properties. We have also focused our efforts on developing properties with distinctive design or features that can help to raise our company profile and have worked closely with leading domestic and international architecture and design firms to achieve such goal. We believe our customers associate our brand image with high-quality and customer-oriented real estate products and services, as well as the modern and trend-setting design of our properties. As a result of these efforts, we have received numerous accolades for our property development and service capabilities, as well as for the design of our properties, and have achieved a strong market position in certain of our targeted regions. We have also established an annual program named as Happiness Discovery Trip (發現幸福之旅) to cooperate with artists to create inspiring cultural programs and artworks. We believe such effort attaches an artistic and cultural image to our brand and our properties in the mind of our target customers, separating us from other real estate developers.

We believe that our urban complex developments help to facilitate the creation of new urban centers, which will foster increased property development activities by others and increased government investment in enhancing the public infrastructure and benefits provided in surrounding neighborhoods, which will in turn increase the value of our developments. We also provide real estate services that consist of property operation services and property agency services. We believe our property operation services enhance the value and attractiveness of our properties, ultimately enabling us to increase average selling and rental prices. Our property agency services business allows us to gain a deeper understanding of the market place in order to improve our marketing and pricing strategies, thereby assisting us in establishing premium pricing for our properties. We believe our real estate services provide us with benefits that cannot be easily replicated by typical relationships between developers and third party real estate service providers, which positions us well in the competitive real estate market in China.

Experienced and stable management team with proven track record supported by seasoned professional employees

The significant growth of our business since our inception is in large part due to our experienced and stable management team. Mr. Pan, our chairman and chief executive officer and Ms. Zeng, our executive Director, each has over 13 years of experience in real estate development in China, and, along with other members of our senior management team and employees, have established strong relationships with key industry participants. Ms. Zeng was also recognized as one of the leading figures in the real estate industry in Shenzhen in 2002. We believe the experience of our senior management team and our seasoned professional employees will continue to successfully lead the future growth of our business, as well as provide us with the ability to effectively respond to changes and challenges in the competitive real estate industry environment in China and the evolving PRC regulatory framework.

BUSINESS STRATEGIES

Continue to expand in fast-growing economic regions in China and selectively acquire low-cost land

We plan to continue to concentrate the growth of our business in the four economically prosperous regions in China in which we currently operate. We believe each of the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region continues to provide an attractive environment for property development. We intend to procure more low-cost land in each of these regions by adhering to our disciplined approach. Decision as to land acquisition will be made only after comprehensive and in-depth market research and analysis and strict internal review procedures are performed. We also intend to continue to leverage upon the

insights and expertise of our property agency services in the evaluation and acquisition of potential properties. We believe the professionals in our property agency services, by being part of our Group and sharing the same vision as the rest of the Group, allow us to more effectively shape the direction of our property development projects, an advantage that cannot be easily replicated by other property agency companies. Our property agency services also allows us to further enhance our project cost management capabilities. In addition, because of our property development capabilities, we are afforded flexibility as to the types of land that we can acquire. As a result, we are better positioned to ensure that the acquired land parcel is at a reasonable price and will be able to generate attractive returns.

Focus on further elevating the intrinsic synergies of our real estate products and services

We intend to continue to explore potential values of our real estate products and services as well as for our investment properties. We intend to focus on realizing increased synergies between each aspect of our businesses, a crucial part to our Group's overall success. We intend to continue to concentrate our efforts on developing urban complexes and boutique upscale residences. We believe our focus on these two types of property development projects provides us with a better and more efficient use of our resources to address our target customers' diverse needs and to develop long-term business relationship with such customers. Our development focus also serves to increase the synergies that can be achieved among each aspect of our businesses. We plan to expand our property investment portfolio by holding boutique hotels in the properties that we develop, thereby increasing our recurring income as well as increasing the real estate solutions that we provide to customers. We have also established subsidiaries dedicated to providing hotel services, which we believe also helps to enhance the capabilities of our property operation services provided to more traditional properties, as well as to our urban complexes. We plan to continue to enhance cooperation among each of our businesses. For example, we plan to enhance the consulting and advisory services that our property agency services provides, which we believe will enhance our ability in gathering market intelligence and identifying potential opportunities for our property development business. We plan to integrate our property operation services' internet information platform with our own secondary property brokerage information database to provide real estate property market information to tenants and residents. This effort will connect the large customer base of our property operation services with our property agency services, further expanding the customer base of our property agency services. We expect that our efforts will allow us to increase the breadth and stability of our revenue streams, reduce our overall exposure to volatility within and reliance on one sector of the real estate property industry and create cross-selling opportunities.

Continue to enhance our property operation service and hotel service capabilities to further increase the attractiveness and value of our properties

Our property operation services are an important part of our business and serve a critical role in enhancing the value and environment of our developments, which serve to increase rental income and the average selling price of our properties. We will continue to strengthen our property operation services, striving to offer the highest level of services to tenants and residents and to achieve industry-leading customer satisfaction. We have also started our hotel service business in 2008 by establishing our own hotel management companies. We have entered into agreements with third party international professionals as to the operation and management of one of our boutique hotels that is currently under development and have recruited highly qualified professionals to operate such business. We believe such agreements will allow us to be exposed to the inner workings of operating and managing a boutique hotel and refine the level of hotel services that we provide. In addition, we believe as our hotel services continue to strengthen, the capabilities of our property operation services will also be enhanced as well. Our goal is to establish high quality and distinctive property operation services and hotel services. We will also continue to improve the internet information platform of our property operation services to offer additional value-added services such as online payment options, customizable online service ordering for goods and services or access to real estate market information or brokerage listings. Furthermore, we will actively expand the GFA under management, as

well as enhance the capabilities of our building and equipment installation, maintenance and repair services. Finally, we will continue to improve the membership program for purchasers of our properties, the Fantasia Club, by fostering increased support and communication with our purchasers. As the aim of our business is to provide a wide range of real estate products and services to our targeted customers, we consider each of them a potential repeat customer and a source of future business. Continuing to enhance the quality and offering of our property operation services will also serve us well in strengthening our relationship with our key clients, thus strengthening the long-term relationship with such customers or increasing potential referrals among our target customers.

Continue to enhance our brand equity

We place significant emphasis on developing our brand image and will continue to focus on introducing real estate products and service offerings that will enhance our profile, reputation and image. We have in the past worked closely with leading domestic and international architecture and design firms, such as Huayi Designing Consultancy (Shenzhen) Co., Ltd., Belt Collins International (HK) Ltd., Peddle Thorp Architects-Melbourne of Australia, Architecture Urbanism Building Engineer Co., Ltd. of France and The Collaborative West Co., Ltd. and atta + K Inc. of the United States, in creating products that reflect the spirit and essence of our vision and assimilate the latest trends and elements, and will continue to do so in the future. We intend to continue to implement strict quality control standards and closely monitor the product quality and the workmanship of our contractors throughout the development process. We also plan to continue to actively participate in the selection of the materials used in our projects in order to achieve desired quality levels and to maintain a cohesive brand image for our properties. In addition, we intend to continue to rigorously monitor, protect and register our trademarks that we consider essential to our brand image. We will also continue our annual program, Happiness Discovery Trip (發現幸福之旅), to cooperate with artists in the creation of cultural programs and artworks, as well as participate in other similar events, to further foster customer awareness as to the artistic and cultural aspect of our brand image. We believe by cultivating a distinctive brand image, we will be able to further enhance our ability to attract our target customers and reinforce such customers' perception of the quality, distinctiveness and comprehensiveness of our products and services.

OUR PROPERTY DEVELOPMENT PROJECTS

Overview

As of the Latest Practicable Date, we had 29 property development projects at various stages of development. As of the Latest Practicable Date, we had an aggregate site area of approximately 3,055,647 square meters with an aggregate GFA of approximately 6,944,718 square meters. Based on the stage of development, we divide our property developments projects into three categories:

- completed projects, comprising of properties for which we have received the requisite completion inspection report from the relevant government construction authorities;
- projects under development, comprising of properties for which we have obtained the requisite construction works commencement permits but are yet to receive the requisite completion inspection report; and
- future development projects, comprising of properties for which we have obtained the relevant land use rights certificates and started preliminary design work but have not yet received the required construction works commencement permits, as well as properties for which we have not obtained land use rights certificates but have entered into contractual agreements to obtain the relevant land use rights certificates and started preliminary design work.

In addition to our property development projects under various stages that are included in the above categories, we have also been actively exploring additional property development opportunities. As of the Latest Practicable Date, we had also entered into preliminary framework agreements with the

local government authorities and relevant third parties in relation to three potential new projects which occupy an aggregate site area of approximately 1,984,083 square meters with an aggregate planned GFA of approximately 4,968,863 square meters. We have not yet entered into any detailed agreements to obtain the relevant land use rights certificates for these three potential new projects.

For development projects that are comprised of multiple-phase developments on a rolling basis, each phase is considered individually and classified as completed, under development or for future development, depending on whether the relevant completed construction work certified report or the required construction works commencement permit has already been obtained for such phase.

We calculate the site area of our projects or phases as follows:

- for projects or phases for which we have obtained land use rights, based on the relevant land use rights certificates, and
- for projects or phases for which we have not obtained land use rights, based on the relevant contractual agreements.

We calculate the total GFA of our projects or phases as follows:

- for projects or phases that are completed, based upon relevant property surveying reports;
- for projects or phase that are not completed but for which pre-sale has commenced, based upon relevant inspection reports requisite for pre-sale;
- for projects or phases that are under development and for which we have not obtained relevant inspection reports but have obtained the relevant construction works planning permits, based on such construction works planning permits; and
- for projects or phases for which we have not received the relevant construction works planning permits, based on the total GFA indicated in property master plans approved by relevant government authorities or based on our internal records and development plans, which may be subject to change.

We calculate the site area and the total GFA for each phase in a project based on our own internal records and estimates except in circumstances where such information for a particular phase is contained in the relevant land use rights certificate, construction works planning permit, or completion inspection report.

Total GFA as used in this prospectus is comprised of saleable GFA and non-saleable GFA. Saleable GFA as used in this prospectus refers to the internal floor areas exclusive of non-saleable GFA. Non-saleable GFA as used in this prospectus refers to certain communal facilities and ancillary facilities, such as certain underground GFA and spaces for local community management committees and public security offices. Saleable GFA is divided into saleable GFA sold or pre-sold and saleable GFA unsold. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. The property is delivered to the customer upon the property being completed, inspected and accepted as qualified. Properties are pre-sold when we have executed the purchase contract but have not yet delivered the properties to the customer. Saleable GFA unsold is further divided into GFA unsold held for sale and GFA unsold held for investment.

We calculate the saleable GFA for our projects or phases as follows:

- for projects or phases that are completed, based on the saleable GFA as determined upon relevant property surveying reports;

OUR BUSINESS

- for projects or phases that have not received the completion inspection report upon completion but have obtained the relevant inspection reports requisite for pre-sale, based on the saleable GFA in the relevant inspection reports requisite for pre-sale;
- for projects or phases that have not received the relevant inspection reports requisite for pre-sale but have received relevant construction works planning permits, based on the construction works planning permits; and
- for projects or phases that have not received relevant construction works planning permits, based on the total GFA indicated in property master plans approved by relevant government authorities or based on our internal records and development plans, which may be subject to change.

Furthermore, the following information that appears in this prospectus is also based on our internal records and estimates: (i) saleable GFA sold or pre-sold, saleable GFA unsold, saleable GFA unsold held for sale, saleable GFA unsold held for investment, and (ii) information regarding expected completion and pre-sale commencement date and number of residential units, office space, commercial units and car parking spaces.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any delay in delivering properties to our customers as based on the timeframe set forth in the respective purchase contracts. In addition, development costs for each of our projects were within their respective budgets during the Track Record Period. However, as a result of the slowdown of China's economy caused by the recent global financial and economic crisis, we have delayed certain of our projects that were scheduled to be launched for pre-sale in 2008 until 2009 or 2010.

The following table sets forth information as to the site area and the GFA in square meters for each of our property development projects or its respective phases and its completion date or expected completion as of dates indicated:

Projects/Phases Completed Projects/ Phases	As of the Latest Practicable Date				As of September 30, 2009				Actual or Expected Construction Commencement Date	Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties ⁽¹⁾	Ref. to Property Valuation Report		
	Site Area	Total GFA Completed Development	Total GFA Under Development	Total or Total Planned Saleable GFA	Total Saleable GFA Unsold		Total Saleable GFA Pre-sold	Our Interest in the Project							
					Held for Sale	Held for Investment or for Hotel Management									
Chengdu:															
Chengdu Pair Life (成都錦上花)	3,000	13,178	—	13,178	12,893	—	184	12,709	—	58.8% ⁽²⁾	April 2003	March 2004	n/a	R,C	30
Human Art Wisdom (藝聖花鄉)	4,897	27,780	—	27,780	27,780	—	6,411	21,369	—	58.8% ⁽²⁾	September 2003	October 2004	n/a	R,C,P	31
Fantasia Special Town (別樣城)															
(All phases)	136,343	207,987	—	207,987	204,723	—	2,765	201,958	—	100%	February 2005	Phase I: December 2005 Phase II: April 2007 Phase III: August 2007	n/a	R,C,P	32
Chengdu Love Forever (成都花郡)															
(All phases)	71,989	354,967	—	354,967	328,361	37,789	—	290,572	—	100%	May 2006	Phase I: September 2007 Phase II: December 2007 Phase III: November 2008 Phase IV: June 2009 Phase V: January 2009	n/a	R,C,P	36
Chengdu My Place (成都花好園)															
(Phase 1.1)	9,249	49,846	—	49,846	48,463	461	5,862	42,140	—	100%	April 2007	October 2008	n/a	R,C,O,P	33, 37
Fantasia Town (花樣城)															
(Phase 1.1)	126,667 ⁽³⁾	109,892	—	109,892	105,962	31,169	—	71,940	2,853	100%	March 2008	March 2009	n/a	R,C,P	35
Grand Valley (大溪谷)															
(Phase 1.1)	62,564	50,839	—	50,839	50,635	9,935	—	34,675	6,025	100%	November 2007	December 2008	n/a	R,C	34
Shenzhen:															
Shenzhen Endless Blue (深圳碧雲天)															
Fairy Land (芳鄰)	11,944	50,696	—	50,696	43,130	—	—	43,130	—	52% ⁽⁴⁾	April 1998	January 2000	n/a	R,C,P	27
Hairun Complex (喜年中心)	1,481	16,976	—	16,976	15,192	—	385	14,807	—	52% ⁽⁴⁾	February 2000	September 2001	n/a	R,C	21
Shenzhen Pair Life (深圳錦上花)															
Self Life (趣園)	4,501	49,595	—	49,595	40,620	136	1,235	39,249	—	52% ⁽⁴⁾	September 2001	February 2003	n/a	O,C,P	1, 26
Shenzhen My Place (深圳花好園)	3,394	19,035	—	19,035	15,112	172	1,483	13,457	—	52% ⁽⁴⁾	January 2002	November 2003	n/a	R,C,P	24, 43
Flower Harbor (花港家園)	13,162	94,956	—	94,956	82,949	—	11,100	71,849	—	52% ⁽⁴⁾	June 2003	June 2004	n/a	R,C,P	25, 42
Shenzhen Future Plaza (深圳香年廣場)															
(All phases)	5,335	27,033	—	27,033	22,402	2,379	—	15,715	4,308	100%	January 2004	November 2005	n/a	R,C,P	22
Subtotal															
	n/a	1,198,787	—	1,198,787	1,102,765	97,307	29,468	954,779	17,131	100%	March 2007	October 2008	n/a	O	28, 38

OUR BUSINESS

Projects/Phases	As of the Latest Practicable Date				As of September 30, 2009				Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties ⁽¹⁾	Ref. to Property Valuation Report	
	Site Area	Total GFA Under Development	Total GFA for Future Development	Total or Total Planned GFA	Total Saleable GFA		Our Interest in the Project	Actual or Expected Commencement Date					
					Held for Sale	Unsold							
Chengdu:													
Chengdu Haijun Plaza (成都喜年廣場)	9,039	132,218	—	114,787	49,409	20,331	45,047	100%	January 2008	November 2009	September 2008	R,O,H,C,P	13
Meinian International Plaza (美年國際廣場) (Phases 1.1, 1.2 and 1.3)													
	170,032 ⁽⁶⁾	424,440	—	412,793	411,689	—	1,104	100%	January 2009	Phase 1.1: October 2010 Phase 1.2: October 2010 Phase 1.3: October 2011	Phase 1.1: September 2009 Phase 1.2: September 2009 Phase 1.3: n/a	R,O,C,P	14
Fantasia Town(花樣城) (Phase 1.2 and 2)													
	126,667 ⁽³⁾	113,613	—	110,368	110,368	—	—	100%	Phase 1.2: March 2008 Phase 2: October 2009	Phase 1.2: May 2011 Phase 2: May 2011	n/a	R, C, P	5, 35
Chengdu Mont													
Conquerant (成都君山) (Phase I)	491,209 ⁽⁷⁾	50,560	—	48,176	46,467	—	1,709	100%	November 2008	August 2010	July 2009	R,C	12
Grand Valley (Phase 1.2 and 2.1.1)													
	87,920	78,636	—	77,172	40,991	—	36,181	100%	Phase 1.2: September 2008 Phase 2.1.1: September 2009	Phase 1.2: November 2009 Phase 2.1.1: December 2010	Phase 1.2: September 2008 Phase 2.1.1: September 2009	R	16
Shenzhen:													
Shenzhen Love Forever (深圳花郡)	23,955	132,336	—	100,441	100,441	—	—	52% ⁽⁴⁾	October 2008	Southern area: October 2010 Northern area: March 2011	Southern area: October 2009 Northern: n/a	R,C,P	18
Dongguan:													
Dongguan Mont Conquerant (東莞君山) (All phases)	52,853	142,928	—	116,899	99,254	—	17,645	100%	Phase I: June 2009 Phase II: September 2009	Phase I: March 2010 Phase II: June 2011	Phase I: July 2009 Phase II: n/a	R,P	17
Yixing:													
Town on the Water (雲海閣)	66,664	41,432	—	40,240	22,339	7,095	10,806	60% ⁽⁸⁾	November 2007	January 2010	November 2008	R,H	19
Tianjin:													
Tianjin Haijun Plaza (天津喜年廣場) (All phases)	21,410	131,341	—	79,051	59,278	—	19,773	60% ⁽⁸⁾	September 2008	Phase I: June 2010 Phase II: December 2010	Phase I: April 2009 Phase II: n/a	R,O,C,P	20
Subtotal	n/a	1,247,504	—	1,247,504	940,236	27,426	132,265						

Projects/Phases	As of the Latest Practicable Date				As of September 30, 2009				Actual or Expected Completion Date	Pre-sale Commitment Date	Types of Properties ⁽¹⁾	Ref to Property Valuation Report			
	Site Area	Total GFA Completed	Total GFA Under Development	Total or Total Planned GFA	Total Saleable GFA	Held for Sale	Investment or for Hotel Management	Total Saleable GFA					Total Saleable GFA	Our Interest in the Project	Actual or Expected Construction Commencement Date
Future Development Projects/Phases															
— Land Use Rights Obtained															
Chengdu:															
Meinian International Plaza (美年國際廣場)(All phases except phases 1, 1, 1, 2 and 1, 3) 170,032 ⁽⁶⁾															
			449,845	449,845	389,800	n/a	n/a	—	100%	n/a	n/a	H.O.C,P 4			
Fantasia Town (花漾城)(All phases except phase 1, 1, 1, 2 and 2) 126,667 ⁽⁹⁾															
			370,149	370,149	347,194	n/a	n/a	—	100%	n/a	n/a	R,C,P 5			
Chengdu Mont Conquerant (成都君山)(All phases except phase I) 491,209 ⁽⁷⁾															
			296,383	296,383	282,576	n/a	n/a	—	100%	n/a	n/a	R,H,C,P 3			
Grand Valley (大溪谷) (All remaining phases) 909,225															
			1,525,251	1,525,251	1,525,251	n/a	n/a	—	100%	n/a	n/a	R,C 7,51			
Chengdu Future Plaza (成都香年廣場) 13,863															
			245,248	245,248	235,246	n/a	n/a	—	100%	January 2010	May 2012	R,O,C,P 6			
Shenzhen:															
Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目) 18,718															
			67,908	67,908	46,795	n/a	n/a	—	100%	December 2009	December 2010	O 10			
Huizhou:															
Huizhou Endless Blue (惠州碧雲天) 35,000															
			168,545	168,545	136,921	n/a	n/a	—	100%	December 2009	August 2011	R,C,P 9			
Huiyang Project (All phases) (惠陽項目) 172,000															
			586,000	586,000	510,205	n/a	n/a	—	100%	Phase I: December 2009 Remaining phases: n/a	Phase I: December 2010 Remaining phases: n/a	R,C,P 8			
Tianjin:															
Yingcheng Lake (營城湖) 100,000															
			168,339	168,339	139,192	n/a	n/a	—	100%	n/a	n/a	R,O,C 11			
Subtotal			3,877,668	3,877,668	3,623,180	n/a	n/a	—							

Projects/Phases	As of the Latest Practicable Date				As of September 30, 2009				Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties ⁽¹⁾	Ref. to Property Valuation Report
	Site Area	Total GFA Under Development	Total GFA for Future Development	Total or Planned Saleable GFA	Total Saleable GFA		Actual or Expected Commencement Date	Our Interest in the Project				
					Held for Sale	Investment or Hotel Management						
Shenzhen: Shenzhen Meinian Plaza (深圳美年廣場) (Incubation Park) ⁽¹⁰⁾	29,546	—	87,638 ⁽¹⁰⁾	87,638	73,466	n/a	n/a	100%	May 2007	n/a	O	44
Jiangsu: Suzhou Project (蘇州項目) (All phases) ⁽¹¹⁾	379,635	—	533,121	533,121	533,121	n/a	n/a	100%	Phase I: June 2010 Remaining phases: n/a	n/a	R,P	47
Subtotal	409,181	—	620,759	620,759	606,587	n/a	n/a	—	—	—	—	—
Total	3,055,647	1,198,787	1,247,504	4,498,427	6,944,718	1,037,543	56,894	954,779	149,396	—	—	—

- Notes:
- (1) Types of properties include: (i) "R", which stands for "residential", (ii) "C", which stands for "commercial", (iii) "O", which stands for "office and others", including office, industrial and warehouse, (iv) "H", which stands for "hotel", and (v) "P", which stands for "car park" and "basement area" of Dongguan Mont Conquerant (東莞君山) and Suzhou Project (蘇州項目), for additional information, see "Our Business — Our Property Development Projects — Pearl River Delta Region — Outside Shenzhen — Dongguan Mont Conquerant (東莞君山)" and "Our Business — Our Property Development Projects — Yangtze River Delta Region — Suzhou Project (蘇州項目)."
 - (2) The project was developed by Fantasia Chengdu Development, a project company in which we hold 58.8% equity interest with the remaining 31.2% held by Qiu Qiong Ming (邱瓊明) indirectly and 10% held by Sichuan Zhong Xu directly.
 - (3) This includes site area for all phases of Fantasia Town (花綠城). Specific site area information for each phase of this project is not available.
 - (4) The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest, with the remaining 48% held by Qiu Qiong Ming (邱瓊明), at the time of development of the project.
 - (5) This includes an aggregate saleable GFA of 4,080 square meters retained for our own office spaces.
 - (6) This includes site area for all phases of Meinian International Plaza (美年國際廣場), including site area of approximately 56,711 square meters zoned for educational use. Specific site area information for each phase of this project is not available.
 - (7) This includes site area for all phases of Chengdu Mont Conquerant (成都君山). Specific site area information for each phase of this project is not available.
 - (8) The project was developed by Yixing Jiangnan Shuixiang, a project company in which we hold 60% equity interest, with the remaining 40% held by Jing Liu.
 - (9) The project was developed by Tianjin Songjiang-Fantasia, a project company in which we hold 60% equity interest with the remaining 40% held by Tianjin Songjiang Group.
 - (10) The Incubation Park of the Shenzhen Meinian Plaza (深圳美年廣場) was developed by Shenye Pengji (Group) Co., Ltd. (深業鵬基 (集團) 有限公司), an Independent Third Party. Construction of the Incubation Park was completed in August 2009. We have entered into a property transfer agreement with Shenye Pengji (Group) Co., Ltd. (深業鵬基 (集團) 有限公司) which agreed to sell the Incubation Park to us when the construction is completed. We plan to hold the Incubation Park partly for lease and partly for sale. Before we acquire the property interest of the Incubation Park, the relevant GFA is considered as total GFA for future development by us. For additional information, see "Our Business — Our Property Development Projects — Pearl River Region — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場)."
 - (11) We have entered into relevant share transfer agreement in relation to the acquisition of two project companies that held the land use rights for this project. However, as of the Latest Practicable Date, we had not entered into any further share transfer agreements and had not acquired relevant land use rights certificates for this project. For additional information, see "Our Business — Our Property Development Projects — Yangtze River Delta Region — Suzhou Project (蘇州項目)."

The classification of properties in this prospectus is different from the classification of properties in the Property Valuation Report set out in Appendix IV and the Accountants' Report set out in Appendix I to this prospectus. Both reports were prepared in accordance with the standards applicable to their respective professions and are consistent in terms of the classification of properties.

Some of the information contained in the above table and the following descriptions of the individual projects or phases and elsewhere in this prospectus may differ from the Property Valuation Report in Appendix IV to this prospectus because, among other things:

- certain phase of Grand Valley (大溪谷) for which land use rights had been obtained in October 2009 is classified as a future development phase — land use rights obtained while the Property Valuation Report in Appendix IV classified such parcel as other property interests held by the Group as the valuation date was September 30, 2009;
- certain phase of Fantasia Town (花樣城) for which construction works commencement permits had been obtained in October 2009 is classified as a phase under development while the Property Valuation Report in Appendix IV classified such phase as property interests held for future development by the Group as the valuation date was September 30, 2009;
- the Property Valuation Report in Appendix IV excludes property interests sold where the legal title to such property interests have been transferred to various third parties;
- property interests held for sale by the Group in the Property Valuation Report in Appendix IV include both properties which have not been contracted to be sold and properties which have been contracted to be sold but the legal title of which have not been transferred to the purchasers; and
- the Property Valuation Report in Appendix IV does not distinguish between saleable GFA planned to be held for sale and saleable GFA planned to be held for investment for projects or phases under development and future development projects or phases.

In addition, some of the information contained in the above table and the following descriptions of the individual projects and elsewhere in this prospectus may differ from the Accountants' Report in Appendix I to this prospectus because, among other things:

- properties that have been sold are not included in the consolidated statements of financial position in the Accountants' Report in Appendix I;
- saleable GFA unsold under our classification only include saleable GFA that have not been sold or pre-sold while “completed properties for sales” as used in the Accountants' Report in Appendix I, which is recorded under “properties for sales” on the consolidated statements of financial position, include properties that have not been contracted to be sold and properties pre-sold but have not been delivered to customers; and
- “properties for sales” and “investment properties” as recorded on the consolidated statements of financial position in the Accountants' Report in Appendix I include “completed properties for sales”, “properties under development”, “completed investment properties” and “investment properties under development” which will include all properties that we classified as projects or phases under development whether we intend to hold such properties for sales or for investment after completion.

OUR BUSINESS

The table below sets forth our classification of properties and the corresponding classification of properties in the Property Valuation Report in Appendix IV to this prospectus and the Accountant's Report in Appendix I to this prospectus:

Types of Properties	Prospectus	Property Valuation Report	Accountant's Report
<ul style="list-style-type: none"> ● Properties for which we have received the completed construction works certified report from the relevant government construction authorities 	<ul style="list-style-type: none"> ● Completed projects 	<ul style="list-style-type: none"> ● Property interest held and occupied by the Group in the PRC ● Property interests held for investment by the Group in the PRC ● Property interests held for sale by the Group in the PRC 	<ul style="list-style-type: none"> ● Completed properties for sales (excludes completed properties that have been sold) ● Completed investment properties
<ul style="list-style-type: none"> ● Properties for which we have obtained the required construction works commencement permits but are yet to receive the completed construction works certified report 	<ul style="list-style-type: none"> ● Properties under development 	<ul style="list-style-type: none"> ● Property interests held under development by the Group in the PRC 	<ul style="list-style-type: none"> ● Properties for sales — Under development ● Investment properties under development
<ul style="list-style-type: none"> ● Properties for which we have obtained the relevant land use rights certificates and started preliminary design work but have not yet received the required construction works commencement permits 	<ul style="list-style-type: none"> ● Future development projects — land use rights obtained 	<ul style="list-style-type: none"> ● Property interests held for future development by the Group in the PRC 	<ul style="list-style-type: none"> ● Properties for sales — Under development ● Investment properties under development
<ul style="list-style-type: none"> ● Properties for which we have not obtained land use rights certificates but have entered into contractual agreements to obtain the relevant land use rights certificates and started preliminary design work 	<ul style="list-style-type: none"> ● Future development projects — property rights to be acquired and potential new property development projects 	<ul style="list-style-type: none"> ● Property interest contracted to be acquired by the Group in the PRC and other property interests to be acquired by the Group in the PRC 	<ul style="list-style-type: none"> ● Properties for sales — Under development ● Investment properties under development

OUR BUSINESS

The table below sets forth information as to the saleable GFA for each of our projects in terms of the use or planned use of the properties as of the Latest Practicable Date but does not include three potential new projects for which we have only entered into preliminary framework agreements:

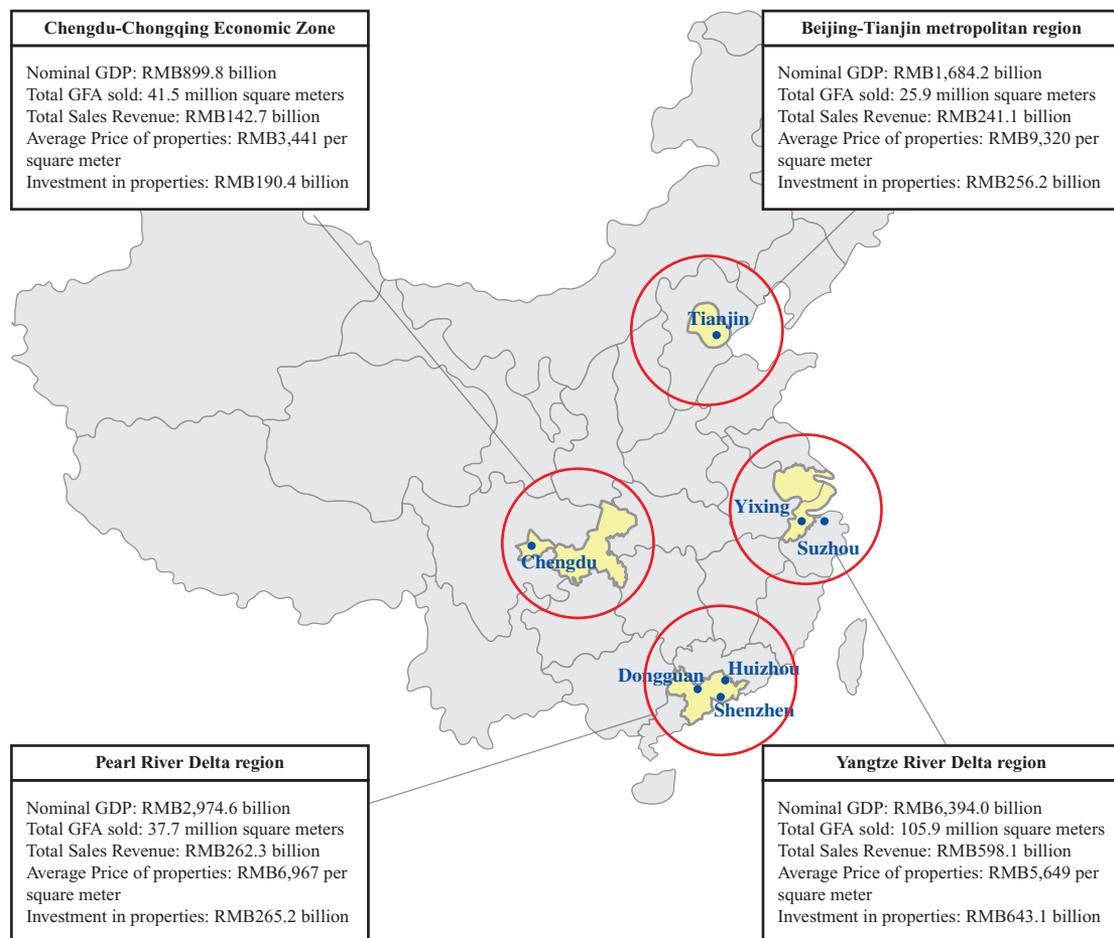
	Completed Properties	Properties Under Development	Properties for Future Development — Land Use Rights Obtained	Properties for Future Development — Property Rights to be Acquired
Residential (in square meters)	852,621	653,194	2,749,638	418,009
Office and others (in square meters) ⁽¹⁾	117,899	212,373	499,813	73,466
Commercial (in square meters)	65,743	24,892	118,013	—
Hotel (in square meters)	—	38,321	88,946	—
Car parking spaces and basement area (in square meters)	66,502	171,147	166,770	115,112
Total	1,102,765	1,099,927	3,623,180	606,587

Note:

(1) Include certain projects with land use rights granted for industrial and warehouse purposes.

As of September 30, 2009, we had not experienced any depreciation in the value of our properties that are currently unsold.

The following map illustrates and sets forth certain information in 2008 as to four of the fastest-growing economic regions in China:



OUR BUSINESS

The following table sets forth information as to the GFA of our property development projects by location as of the Latest Practicable Date but does not include three potential new projects for which we have only entered into preliminary framework agreements:

	<u>Total GFA Completed</u>	<u>Total GFA Under Development</u>	<u>Total GFA for Future Development — Land Use Rights Obtained</u>	<u>Total GFA for Future Development — Property Rights to be Acquired</u>
Chengdu-Chongqing Economic Zone (in square meters)				
— Chengdu	814,489	799,467	2,886,876	—
Pearl River Delta region (in square meters)				
— Shenzhen	384,298	132,336	67,908	87,638
— Other cities ⁽¹⁾	—	142,928	754,545	—
Yangtze River Delta region (in square meters)				
— Yixing	—	41,432	—	—
— Suzhou	—	—	—	533,121
Beijing-Tianjin metropolitan region (in square meters)				
— Tianjin	—	131,341	168,339	—
	<u>1,198,787</u>	<u>1,247,504</u>	<u>3,877,668</u>	<u>620,759</u>

Note:

(1) Include Dongguan and Huizhou.

The following are detailed descriptions of each of our projects as of September 30, 2009, unless otherwise dated. For certain of these projects, we share land use and development rights with other entities in a prescribed proportion according to the relevant agreements. The commencement date relating to each project or each phase of a project refers to the date construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed projects or phases refers to the date on which the completed construction works certified report was obtained for each project or each phase of a multi-phase project. For projects or phases under development or for future development, the completion date of a project or phase reflects our best estimate based on our current development plans.

Chengdu

Chengdu Pair Life (成都錦上花)



Chengdu Pair Life (成都錦上花) is an 11-storey residential apartment building located at No. 8, Dachuan Lane, Jinjiang District, Chengdu, Sichuan Province. It is located in the central urban district of Chengdu, close to a landmark building and two universities and overlooks a river. The project occupies a total site area of approximately 3,000 square meters with an aggregate completed GFA of approximately 13,178 square meters. Commenced in April 2003, this project was completed in March 2004. The project was developed by Fantasia Chengdu Development, a project company in which we hold 58.8% equity interest. Fantasia Chengdu Development holds a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of the entire project from an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	11,381	1,512
Number of units	229	18
Total GFA sold (in square meters)	11,381	1,328
Total GFA retained for investment (in square meters)	—	184

As of June 30, 2009, we had incurred approximately RMB40.0 million in connection with the project.

Human Art Wisdom (藝墅花鄉)



Human Art Wisdom (藝墅花鄉) is a 16-storey residential and commercial building located on Jiangxi Street and Ximanqian Street in Wuhou District, Chengdu, Sichuan Province. It is located within a prosperous commercial district, close to a large ecological square, a park and three universities and has easy access to public transportation and other facilities such as banks, restaurants, shopping malls and hospitals. The building also features a transparent lobby and a distinctive quintuple-layered ecologic garden. The project occupies a total site area of approximately 4,897 square meters with an aggregate completed GFA of approximately 27,780 square meters. Commenced in September 2003, the project was completed in October 2004. The project was developed by Fantasia Chengdu Development, a project company in which we hold 58.8% equity interest. Fantasia Chengdu Development holds a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through government-organized listing-for-sale. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>	<u>Car park</u>
Total saleable GFA (in square meters)	16,378	4,671	6,731
Number of units	323	n/a ⁽¹⁾	180
Total GFA sold (in square meters)	16,378	4,671	320
Total GFA retained for investment (in square meters)	—	—	6,411

Note:

(1) Not divided into individual units.

As of June 30, 2009, we had incurred approximately RMB86.7 million in connection with the project.

Fantasia Special Town (別樣城)



Fantasia Special Town (別樣城) is a large residential community located on Huanglong Road, Gongxing Town, Shuangliu County, Chengdu, Sichuan Province. The project features ancillary facilities that include a swimming pool, a basketball court, a tennis court, a badminton court, a table-tennis center, and other gym facilities. The project occupies a total site area of approximately 136,343 square meters with an aggregate completed GFA of approximately 207,987 square meters. Commenced in February 2005, the final phase of the project was completed in August 2007. The construction of the project was divided into three phases. All three phases of the project were developed by Chengdu Tonghe, our currently wholly owned project company. Chengdu Tonghe holds a 100% interest in the project. The land use rights for the project were granted for residential purposes. Based on relevant construction land planning permit, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through acquisition of a project company that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>	<u>Car Park</u>
Total saleable GFA (in square meters)	198,059	6,388	276
Number of units	1,755	82	15
Total GFA sold (in square meters)	198,059	3,899	—
Total GFA retained for investment (in square meters)	—	2,489	276

As of June 30, 2009, we had incurred approximately RMB306.2 million in connection with the project.

Chengdu Love Forever (成都花郡)



Chengdu Love Forever (成都花郡) is a large scale residential community located at No.99, Shuangqing Road, Chenghua District, Chengdu, Sichuan Province. It is also linked to the city center and the Third Ring Road of Chengdu by expressways and therefore has easy access to all parts of the city. The project was awarded the Property of the Year for the Golden Hibiscus Prize in Chengdu in 2006 (2006金芙蓉杯成都年度樓盤金獎) presented by the Chengdu Real Estate Bureau (成都市房地產管理局) and was recognized as a Model Property for the Rediscovery of the City Center in Chengdu in 2008 (2008成都城市地理再發現中心城代言樓盤) by Chengdu Business Daily (成都商報). The project occupies a total site area of approximately 71,989 square meters with an aggregate completed GFA of approximately 354,967 square meters. The project is divided into five phases and is comprised of in the aggregate 3,202 residential units with a total saleable GFA of approximately 277,322 square meters, 207 retail units with a total saleable GFA of approximately 18,479 square meters and 1,013 car parking spaces with a total saleable GFA of approximately 32,560 square meters. In addition, the project includes approximately 10,238 square meters of car parking spaces equipped with mechanical parking systems that are non-saleable with respect to the individual units and we intend to retain these non-saleable spaces for investment. Commenced in May 2006, the final phase of the project was completed in June 2009. All phases of the project were developed by Chengdu Huawanli, our currently wholly owned project company. Chengdu Huawanli holds a 100% interest in the project. We have obtained the land use rights certificates for all phases of the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through government-organized listing-for-sale. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>	<u>Car park</u>
Total saleable GFA (in square meters)	277,322	18,479	32,560
Number of units	3,202	207	1,013
Total GFA sold (in square meters)	277,322	10,231	3,019
Total GFA pre-sold (in square meters)	—	—	—
Total GFA retained for investment (in square meters)	—	—	—

As of June 30, 2009, we had incurred approximately RMB1,160.6 million in connection with the project.

Chengdu My Place (成都花好園)



Chengdu My Place (成都花好園) is a residential and commercial community located at No.9 Wuqing South Road, Wuhou District, Chengdu, Sichuan Province. The project is comprised of four 20-storey buildings with a simple and modern style. The project occupies a total site area of approximately 9,249 square meters with an aggregate completed GFA of approximately 49,846 square meters. Commenced in April 2007, the project was completed in October 2008. The project was developed by Chengdu Huaqianli, our wholly owned project company. We hold a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. Based on relevant pre-sale permits, we were allowed to sell residential, commercial properties and office spaces for this project. We obtained the land use rights for the project through establishing a joint venture project company with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>	<u>Office</u>	<u>Car park</u>
Total saleable GFA (in square meters)	22,657	1,204	18,740	5,862
Number of units	263	19	369	180
Total GFA sold (in square meters)	22,657	1,088	18,395	—
Total GFA pre-sold (in square meters)	—	—	—	—
Total GFA retained for investment (in square meters)	—	—	—	5,862

As of June 30, 2009, we had incurred approximately RMB129.4 million in connection with the project. We expect to incur additional costs of approximately RMB5.4 million in connection with the project.

Fantasia Town (花樣城)



Fantasia Town (花樣城) is expected to be a large scale residential community located at Guangming Community, Jinma Town, Wenjiang District, Chengdu, Sichuan Province. Wenjiang District is one of the most developed residential areas in the suburbs of Chengdu. It has an established municipal infrastructure system and is linked by four main roads to the center of Chengdu. It also enjoys a rich biological environment and beautiful scenery and is the site of several hot springs. The project was recognized as a Model Property for High Quality Living Environment in Chengdu in 2008 (2008成都優居示範樓盤) by the Chengdu Real Estate Bureau (成都市房地產管理局). The project occupies a total site area of approximately 126,667 square meters with a planned aggregate GFA of approximately 593,654 square meters. The project is divided into several phases and is expected to have a total saleable GFA of approximately 563,524 square meters with approximately 440,014 square meters for residences, approximately 23,546 square meters for commercial use and approximately 99,964 square meters for car parking spaces. All phases of the project are being, or are expected to be, developed by Chengdu Huabaili, our wholly owned project company. We hold a 100% interest in the project. As of September 30, 2009, we had obtained the land use rights certificates for all phases of the project. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permits, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through acquisition of a project company that held the land use rights.

Phase 1.1 of the project is comprised of six 13-storey buildings with an completed aggregate GFA of approximately 109,892 square meters. Commenced in March 2008, construction of Phase 1.1 was completed in March 2009. Details of Phase 1.1 of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>	<u>Car park</u>
Total saleable GFA (in square meters)	81,469	3,420	21,073
Number of units	924	49	600
Total GFA sold (in square meters)	71,940	—	—
Total GFA pre-sold (in square meters)	2,853	—	—
Total GFA retained for investment (in square meters)	—	—	—

Phase 1.2 of the project is comprised of two buildings with a planned total GFA of approximately 8,144 square meters. It is expected to have an aggregate saleable GFA of approximately 8,144 square meters for commercial use. As of September 30, 2009, we had obtained the construction works commencement permits for Phase 1.2. Commenced in March 2008, construction of Phase 1.2 is expected to be completed in May 2011.

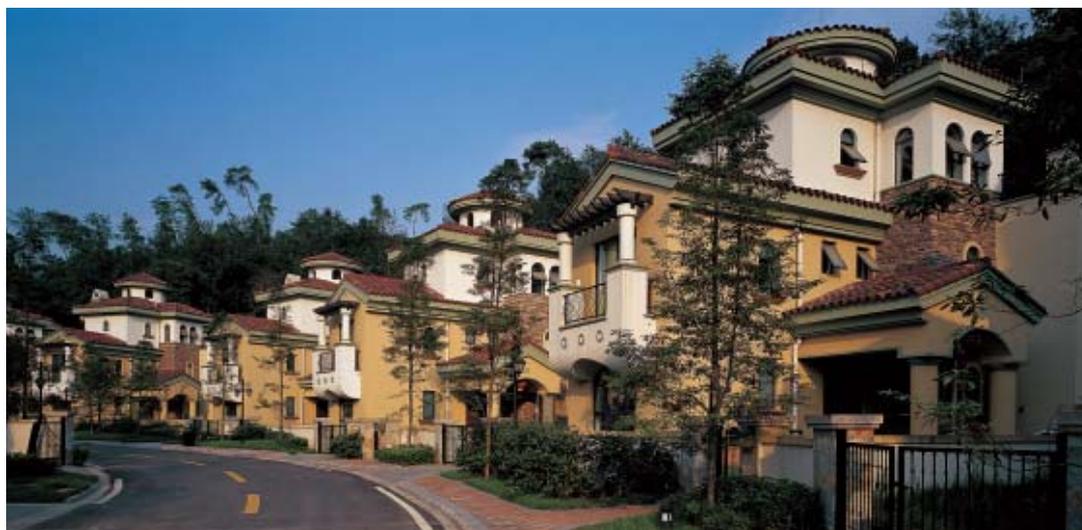
In addition, in October 2009, we had further obtained relevant construction works commencement permits for Phase 2 of this project which has a planned total GFA of approximately 105,469 square meters. Phase 2 is expected to have an aggregate saleable GFA of approximately 102,224 square meters with approximately 87,374 square meters for residences and approximately 14,850 square meters for car parking spaces. Commenced in October 2009, construction of Phase 2 is expected to be completed in May 2011.

Remaining phases of the project have a planned total GFA of approximately 370,149 square meters. These phases are expected to have an aggregate saleable GFA of approximately 347,194 square meters with approximately 271,171 square meters for residences, approximately 11,982 square meters for commercial use and approximately 64,041 square meters for car parking spaces. As of September 30, 2009, we had obtained the construction land planning permit for these remaining phases.

We also plan to develop additional phases of the project in the future.

Total development costs for the project are expected to be approximately RMB1,480.5 million upon completion. As of June 30, 2009, we had incurred approximately RMB376.5 million in connection with the project.

Grand Valley (大溪谷)



Grand Valley (大溪谷) is a large scale residential complex located in Jinhua and Qixin Villages, Heshan Town, Pujiang County, Chengdu, Sichuan Province. It is about one kilometer away from the exit of the Chengdu-Ya'an Expressway and is about a 40 minutes drive to the city center of Chengdu. Pujiang County is also a national ecological model county and enjoys an exceptional advantage as to its natural surroundings. The project is surrounded by pristine natural sceneries, including Changqiu mountain with an area of about 20 square kilometers, and pristine lakes and wetland with an area of about 200,000 square meters. The project is divided into several phases. Each phase of the project was, is being, or is expected to be, developed by Fantasia Chengdu Ecological, our wholly owned project company. Fantasia Chengdu Ecological holds a 100% interest in the project. We position the project as the "No. 1 Valley for Vacation in China" and plan to develop the project in cooperation with famous designing teams, including Architecture Urbanism Building Engineer Co., Ltd. of France and The Collaborative West Co., Ltd. and atta + K Inc. of the United States. The project occupies a total site area of approximately 1,059,709 square meters with a total planned GFA of approximately 1,654,726 square meters. As of the Latest Practicable Date, we had obtained the land use rights for all parcels of land for this project. We obtained the land use rights through several government-organized listings and auctions.

OUR BUSINESS

We completed construction of Phase 1.1 of the project on one of the parcels of land for which we have obtained the relevant land use rights certificates. Phase 1.1 of the project is comprised of 55 3- to 6-storey buildings. It occupies a site area of approximately 62,564 square meters with an aggregate completed GFA of approximately 50,839 square meters. Commenced in November 2007, construction of Phase 1.1 of the project was completed in December 2008. The land use rights for Phase 1.1 were granted for residential and commercial purposes. Details of Phase 1.1 of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	46,982	3,653
Number of units	460	57
Total GFA sold (in square meters)	34,483	192
Total GFA pre-sold (in square meters)	5,306	719
Total GFA retained for investment (in square meters)	—	—

We have begun construction of Phase 1.2 of the project on another parcel of land for which we have obtained the land use rights certificate. Phase 1.2 of the project is expected to be comprised of 54 three- to four-storey buildings. It occupies a site area of approximately 61,609 square meters with a planned GFA of approximately 61,800 square meters. Commenced in September 2008, construction of Phase 1.2 of the project is expected to be completed in November 2009. As of September 30, 2009, we had obtained the land use rights certificate and the required construction works commencement permit. The land use rights for this phase were granted for residential purposes. We had also obtained the pre-sale permit for Phase 1.2 of the project. Details of Phase 1.2 of the project as of September 30, 2009 are set forth below:

	Residential
Total saleable GFA (in square meters)	60,336
Number of units	193
Total GFA pre-sold (in square meters)	36,181

We also obtained the land use rights certificates for Phase 2.1.1 of the project. Commenced in September 2009, construction of Phase 2.1.1 is expected to be completed in December 2010. Phase 2.1.1 occupies a site area of 26,311 square meters with a planned GFA of approximately 16,836 square meters. Phase 2.1.1 of the project is expected to be comprised of 35 low-rise boutique residences with an aggregate saleable GFA of approximately 16,836 square meters. The land use rights for Phase 2.1.1 were granted for residential purpose. As of September 30, 2009, we had also obtained the relevant pre-sale permit for certain portion of Phase 2.1.1.

We plan to further develop several additional phases of the project on the remaining parcels of land, which occupy an aggregate site area of 909,225 square meters with a total planned GFA of approximately 1,525,251 square meters. These remaining phases are expected to have an aggregate saleable GFA of approximately 1,525,251 square meters with approximately 1,489,912 square meters for residences and approximately 35,339 square meters for commercial use. The land use rights for these phases were granted for residential use. Based on relevant opinion on design and planning issued by local urban planning bureau, we were allowed to develop residential and ancillary commercial properties for this project.

Total development costs for the whole project are not currently available as the planning and design of certain phases are at a very preliminary stage. Total development costs for all phases that have been and are currently under development are expected to be approximately RMB754.5 million upon completion. As of June 30, 2009, we had incurred approximately RMB292.5 million in connection with the project.

Chengdu Hailrun Plaza (成都喜年廣場)



Chengdu Hailrun Plaza (成都喜年廣場) is located on Dongda Street in the peripheral area of the central business district of Chengdu, Sichuan Province. All land parcels along Dongda Street have been planned for commercial uses and the surrounding area is expected to become a new commercial and financial center that will merge into the existing central business district of Chengdu. The project is designed to be a large urban complex comprised of a 49-storey building and a 32-storey building which will include prime office space, luxury apartments, a boutique hotel and a shopping mall. The 49-storey building will become the tallest building in Chengdu and a local landmark upon completion in November 2009 as currently expected. The project is close to the largest three shopping centers and two famous tourism and recreational zones in the center area of Chengdu and also has easy access to public transportation. A new subway line along Dongda Street is also expected to be completed in 2011 which we believe will further increase the value of the project. The project was awarded the Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) presented by Chengdu Media Group (成都傳媒集團), the Ginkgo Prize as the Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008年成都最具行業推動力寫字樓大獎) presented by Chengdu Television Station (成都電視臺), and the Most Anticipated Property in Chengdu in 2009 (成都地產2009值得期待樓盤), presented by Sichuan Daily Press Group (四川日報報業集團). The project occupies a total site area of approximately 9,039 square meters with a planned aggregate GFA of approximately 132,218 square meters. Commenced in January 2008, the project is expected to be completed in November 2009. The project is being developed by Chengdu Tonghe, our wholly owned project company. We hold a 100% interest in the project. As of September 30, 2009, we had obtained the land use rights certificate for this project. The land use rights for the project were granted for commercial and service purposes. We obtained the land use rights for the project through government-organized auction. We had also obtained the relevant pre-sale permits for the project. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Office</u>	<u>Hotel</u>	<u>Commercial</u>	<u>Car park</u>
Total saleable GFA (in square meters)	23,049	64,238	20,331	2,759	4,410
Number of units	468	334	n/a ⁽¹⁾	9	140
Total GFA pre-sold (in square meters)	21,908	22,473	—	666	—
Total GFA retained for hotel management (in square meters)	—	—	20,331	—	—

Note:

(1) Not divided into individual units.

OUR BUSINESS

In addition, the project includes approximately 11,153 square meters of car parking spaces equipped with mechanical parking systems that are non-saleable and we also intend to retain these non-saleable spaces for investment.

Total development costs for the project are expected to be approximately RMB844.6 million upon completion. As of June 30, 2009, we had incurred approximately RMB528.5 million in connection with the project.

Meinian International Plaza (美年國際廣場)



Meinian International Plaza (美年國際廣場) is expected to be a large urban complex located near the Fu river in the New and High-Technology Zone, Chengdu, Sichuan Province. We believe the New and High-Technology District offers great development potential as several agencies of the city government of Chengdu have relocated to this district. The project occupies a total site area of approximately 170,032 square meters with a planned GFA of approximately 874,285 square meters. We have obtained the land use rights certificate for all phases of the project. The land use rights for approximately 113,321 square meters of the land were granted for residential and commercial purposes and the land use rights for the remaining 56,711 square meters were allocated for educational purposes which are unsaleable. The project is divided into several phases and is expected to have an aggregate saleable GFA of approximately 186,896 square meters for residences, an aggregate saleable GFA of approximately 80,000 square meters for hotel, an aggregate saleable GFA of approximately 341,260 square meters for office spaces, an aggregate saleable GFA of approximately 15,100 square meters for commercial use and an aggregate saleable GFA of approximately 179,337 square meters for car parking spaces. In addition, the project is expected to include non-saleable GFA of approximately 29,033 square meters for educational purposes. All phases of the project are being, or are expected to be, developed by Sichuan Ximei, our wholly owned project company. We hold a 100% interest in the project. As of September 30, 2009, we had obtained land use rights certificates and the construction works commencement permits for all phases of this project. We obtained the land use rights for the project through government-organized listing-for-sale.

Phase 1.1 of the project is comprised of four 18-storey residential buildings. It has a planned GFA of approximately 89,591 square meters. Commenced in January 2009, construction of Phase 1.1 is expected to be completed in October 2010. We had also obtained the relevant pre-sale permits for Phase 1.1. Details of Phase 1.1 of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Car park</u>
Total planned saleable GFA (in square meters)	58,354	27,160
Number of units	n/a ⁽¹⁾	n/a ⁽¹⁾
Total GFA pre-sold (in square meters)	960	—

Note:

(1) Not available.

OUR BUSINESS

Phase 1.2 of the project is comprised of one 12-storey office building. It has a planned GFA of approximately 136,710 square meters. Commenced in January 2009, construction of Phase 1.2 is expected to be completed in October 2010. We had also obtained relevant pre-sale permits for Phase 1.2. Details of Phase 1.2 of the project as of September 30, 2009 are set forth below:

	<u>Office</u>	<u>Car park</u>	<u>Commercial</u>
Total planned saleable GFA (in square meters)	96,666	33,038	3,334
Number of units	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾
Total GFA pre-sold (in square meters)	144	—	—

Note:

(1) Not available.

Phase 1.3 of the project is comprised of five high rise residential buildings. It has a planned GFA of approximately 198,139 square meters. Commenced in January 2009, construction of Phase 1.3 is expected to be completed in October 2011. Details of Phase 1.3 of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Car park</u>
Total planned saleable GFA (in square meters)	128,542	65,699
Number of units	n/a ⁽¹⁾	n/a ⁽¹⁾

Note:

(1) Not available.

We also plan to develop additional phases of the project in the future. These additional phases are expected to have a total planned GFA of approximately 449,845 square meters, with an aggregate saleable GFA of approximately 80,000 square meters for hotel, approximately 244,594 square meters for office spaces, approximately 11,766 square meters for commercial use and an aggregate saleable GFA of approximately 53,440 square meters for car parking spaces. As of September 30, 2009, we had obtained the construction land planning permit for these additional phases.

Total development costs for the project are expected to be approximately RMB3,536.6 million upon completion. As of June 30, 2009, we had incurred approximately RMB702.1 million in connection with the phases that have been or currently under development.

Chengdu Mont Conquerant (成都君山)



Chengdu Mont Conquerant (成都君山) is expected to be a large scale, low density residential community located in a famous tourist attraction in Yongshang Town, Xin Jin County, Chengdu, Sichuan Province. It is about three kilometers away from the center of Yongshang Town, about seven kilometers away from Chengdu-Ya'an Express Way, about 18 kilometers away from the airport, and about 39 kilometers away from the city center of Chengdu. The project occupies a total site area of approximately 491,209 square meters. The project is divided into several phases. All phases of the project are being, or are expected to be, developed by Chengdu Xinjin Youbang, our wholly owned project company. We hold a 100% interest in the project. We have obtained the land use rights certificate for all phases of the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights.

Phase I of the project is comprised of 65 three-storey buildings. It has a planned GFA of approximately 50,560 square meters. Commenced in November 2008, construction of Phase I is expected to be completed in August 2010. As of September 30, 2009, we had obtained the pre-sale permit for Phase I. Details of Phase I of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total planned saleable GFA (in square meters)	47,228	948
Number of units	151	1
Total GFA pre-sold (in square meters)	1,709	—
Total GFA retained for investment (in square meters)	—	—

We also plan to develop additional phases of the project which are expected to have a total planned GFA of approximately 296,383 square meters in the future. These phases are planned to have an aggregate saleable GFA of 8,946 square meters for hotel, approximately 267,348 square meters for residences, approximately 9,501 square meters for commercial use and approximately 6,781 square meters for car parking spaces. As of September 30, 2009, we had obtained the construction land planning permit for these additional phases.

Total development costs for the project are expected to be approximately RMB1,362.1 million upon completion. As of June 30, 2009, we had incurred approximately RMB345.3 million in connection with the project.

Chengdu Future Plaza (成都香年廣場)

Chengdu Future Plaza (成都香年廣場) is expected to be two or more high-rise office buildings located in Jianshe, Shuangtu and Minle Villages, High-Technology Zone, Chengdu, Sichuan Province. The project occupies a total site area of approximately 13,863 square meters with a planned GFA of approximately 245,248 square meters. The project is planned to have an aggregate saleable GFA of approximately 235,246 square meters with an aggregate saleable GFA of 147,938 square meters for office spaces, approximately 40,140 square meters for residences, approximately 4,660 square meters for commercial use and approximately 42,508 square meters for basement area most of which we intend to retain for car parking spaces.

The development of the project is expected to commence in January 2010 and to be completed in May 2012. The project is expected to be developed by Chengdu Jiurong. As of September 30, 2009, we had obtained the land use rights certificate and construction land planning permit for this project. The land use rights for the project were granted for commercial and service use.

Chengdu Jiurong obtained the land use rights certificate for this project in October 2007. Our wholly owned subsidiary, Chengdu Tonghe, entered into equity transfer agreements with an Independent Third Party in June 2008 and September 2008 pursuant to which Chengdu Tonghe acquired 100% equity interest in Chengdu Jiurong from such Independent Third Party. We hold a 100% interest in this project.

Total development costs for the project are expected to be approximately RMB952.4 million upon completion. As of June 30, 2009, we had incurred approximately RMB140.9 million in connection with the project.

Pearl River Delta Region — Shenzhen

Shenzhen Endless Blue (深圳碧雲天)



Shenzhen Endless Blue (深圳碧雲天), our first completed project, is a residential community of eleven 9- to 16-storey apartment buildings located on Xiameilin Road and North Ring in Futian District, Shenzhen, Guangdong Province. It is located in a well-established residential area with easy access to public transportation. It occupies a total site area of approximately 11,944 square meters with a total completed GFA of approximately 50,696 square meters. Commenced in April 1998, the project was completed in January 2000. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permit, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	42,189	941
Number of units	464	8
Total GFA sold (in square meters)	42,189	941
Total GFA retained for investment (in square meters)	—	—

The project also includes 177 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we intend to retain these car parking spaces for investment. We are, however, currently involved in a civil complaint relating to the 177 car parking spaces in the project. We believe we have the property interests in these car parking spaces and that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the current property management company of the project, has illegally occupied the car parking spaces and collected parking fees without our consent since November 2006. For additional information, see “— Legal Proceedings” and “Risk Factors — 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.”

As of June 30, 2009, we had incurred approximately RMB173.1 million in connection with the project.

Fairy Land (芳鄰)



Fairy Land (芳鄰) is a 27-storey residential and commercial project located on Renmin North Road, Luohu District, Shenzhen, Guangdong Province. It is located in a well-established residential area with easy access to public transportation and close to various banks, hospitals, schools, shopping malls and a public park. The project occupies a total site area of approximately 1,481 square meters with an aggregate completed GFA of approximately 16,976 square meters. Commenced in February 2000, the project was completed in September 2001. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	14,038	1,154
Number of units	288	28
Total GFA sold (in square meters)	14,038	769
Total GFA retained for investment (in square meters)	—	385

As of June 30, 2009, we had incurred approximately RMB102.7 million in connection with the project.

Hailrun Complex (喜年中心)



Hailrun Complex (喜年中心) is a 28-storey commercial office building located on Shennan Boulevard in Futian District, Shenzhen, Guangdong Province. The area surrounding the project is called the “western central district” of Shenzhen, which is a rising business and commercial center that has attracted a large number of private enterprises. The project has a modern design and won the Superior Quality Project Award (深圳市優質工程獎) issued by the Shenzhen Construction Industry Association (深圳市建築業協會) in 2003. The project occupies a total site area of approximately 4,907 square meters, with an aggregate completed GFA of approximately 51,659 square meters. Commenced in September 2001, the project was completed in February 2003. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for commercial office use. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Office</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	38,569	5,384
Number of units	398	9
Total GFA sold (in square meters)	34,489	5,341
Total GFA retained for investment (in square meters)	—	43
Total GFA retained for self use (in square meters)	4,080	—

We have kept the remaining unsold office units with a total saleable GFA of 4,080 square meters as our own office space. The project also includes 200 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB194.0 million in connection with the project.

Shenzhen Pair Life (深圳錦上花)



Shenzhen Pair Life (深圳錦上花) is a 33-storey residential project located at Wenjindu in Luohu District, Shenzhen, Guangdong Province. It is located very close to the border between Hong Kong and Shenzhen and adjacent to the Wenjindu border control station and therefore appeals to buyers from both Hong Kong and Shenzhen. The project occupies a total site area of approximately 4,501 square meters with an aggregate completed GFA of approximately 49,595 square meters. Commenced in January 2002, the project was completed in November 2003. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	38,608	2,012
Number of units	610	4
Total GFA sold (in square meters)	38,472	777
Total GFA retained for investment (in square meters)	—	1,235

The project also includes 191 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB187.3 million in connection with the project.

Self Life (趣園)



Self Life (趣園) is a 24-storey residential project located at Fuhua Road and Binhe Road, adjacent to the south-east of Shenzhen Golf Court in Futian District, Shenzhen, Guangdong Province. It is adjacent to Shenzhen Convention & Exhibition Center in the central business district of Shenzhen and has panoramic view of a golf course. The project was awarded as the Shenzhen High Quality Structural Engineering Prize in 2003 (2003下半年度深圳市優質結構工程獎) and the Golden Bull Prize in 2005 (2005年度金牛獎), one of the most prestigious awards in the real estate industry in Shenzhen, both awarded by the Shenzhen Construction Industry Association (深圳市建築業協會). The project occupies a total site area of approximately 3,394 square meters with an aggregate completed GFA of approximately 19,035 square meters. Commenced in June 2003, this project was completed in June 2004. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permit, we were allowed to develop residential and ancillary commercial properties. We obtained the land use rights for the project through cooperatively developing the project with two Independent Third Parties that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial⁽¹⁾</u>
Total saleable GFA (in square meters)	13,860	1,252
Number of units	249	—
Total GFA sold (in square meters)	13,457	—
Total GFA retained for investment (in square meters)	231	1,252

Note:

(1) We retained such commercial unit for our club house.

The project also includes 100 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB115.5 million in connection with the project.

Shenzhen My Place (深圳花好園)



Shenzhen My Place (深圳花好園) is a residential community of five 29- to 32-storey apartment buildings located at Xiasha Village, South Binghe Road in Futian District, Shenzhen, Guangdong Province. It is on the border of the west central district of Shenzhen and Red-Tree Bay residential area and has easy access to public transportation. The project won various awards and recognition in 2004, including as a Top Ten Original Design Properties in Shenzhen (中國深圳十大創新設計樓盤) according to the International Think Tank Forum Organization Committee (全球腦庫論壇組委會), Top Ten Gold Medal Champion Properties (十大金牌冠軍樓盤) according to the Chinese Olympic Committee (Shenzhen) News Center (中國奧委會(深圳)新聞中心) and Top Ten Leisure and Health Community (十大健康休閒社區) according to the China Architectural Culture Center under the MOC (建設部中國建築文化中心). The project occupies a total site area of approximately 13,162 square meters with an aggregate completed GFA of approximately 94,956 square meters. Commenced in January 2004, the project was completed in November 2005. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	69,499	13,450
Number of units	1,466	41
Total GFA sold (in square meters)	69,499	2,350
Total GFA retained for investment (in square meters)	—	11,100

The project also includes 200 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB291.3 million in connection with the project.

Flower Harbor (花港家園)



Flower Harbor (花港家園) is a 33-storey residential building with a 2-storey skirt building located on Mingzhu Avenue and Yong'an North Road in Yantian District, Shenzhen, Guangdong Province. It is located within the Yantian Harbor area which is currently in its third phase of expansion to develop an international warehousing and logistic center. We believe the growing shipping, warehousing and other logistic business in the Yantian Harbor area will result in significant growth in population and greater demand for properties in the area. Flower Harbor (花港家園) has a sea view and is surrounded by mountains. The project occupies a total site area of approximately 5,335 square meters with an aggregate completed GFA of approximately 27,033 square meters. Commenced in June 2007, the project was completed in December 2008. The project was developed by Shenzhen Zhifu, our wholly owned project company. We held a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	20,179	2,223
Number of units	440	43
Total GFA sold (in square meters)	15,715	—
Total GFA pre-sold (in square meters)	4,308	—
Total GFA retained for investment (in square meters)	—	—

The project also includes 145 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB148.8 million in connection with the project. We expect to incur additional costs of approximately 10.9 million in connection with the project.

Shenzhen Future Plaza (深圳香年廣場)



Shenzhen Future Plaza (深圳香年廣場) is located to the north of Qiaocheng Road and to the north-west of Overseas Chinese Town East Industrial Zone in Nanshan District, Shenzhen, Guangdong Province. The location's surrounding area is part of the bigger Overseas Chinese Town which has been zoned for residential, tourism and high-tech businesses. The project was awarded the 2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) and the Shenzhen Innovative Space Design Award (深圳創新空間設計獎) in 2008, by Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and 21st Century Economy Review (21世紀經濟報導), and Shenzhen Economic Daily (深圳商報) and Hong Kong Commercial Daily (香港商報), respectively. The project is comprised of two 20-storey main buildings and two two- to eight-storey attached buildings in a simple and modern style. The project occupies a total site area of approximately 15,145 square meters with an aggregate completed GFA of approximately 74,348 square meters. Commenced in March 2007, the project was completed in October 2008. The project was developed by Shenzhen Kangnian, a project company in which we used to own a majority equity interest and currently own 100% equity interest. Shenzhen Kangnian holds a 100% interest in the project. The land use rights for the project were granted for industrial purposes. We obtained the land use rights for the project through establishing a joint venture project company with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Industrial⁽¹⁾
Total saleable GFA (in square meters)	60,590
Number of units	170
Total GFA sold (in square meters)	41,379
Total GFA pre-sold (in square meters)	3,945
Total GFA retained for investment (in square meters)	—

Note:

(1) The land use rights for the projects were granted for industrial purposes, and the respective land use rights certificates state that the buildings are for “Industrial Workshop (Production Research and Development)” use. Accordingly, the sales contracts between us and our customers at Shenzhen Future Plaza (深圳香年廣場) stipulated that the buildings were for industrial production use. Once a property has been sold by us and the legal title to the property vests in the owner, we are unable to control or restrict the use made by the owner of the property. We are not liable if a customer uses a property purchased from us for a purpose that does not conform to the purpose stated on the relevant land use rights certificate. In the event that customers purchase and use such properties as office space, so long as such use conforms to the use of the building as stated in the respective land use rights certificates, the use is legal. In addition, certain portion of the project is used as retail shops by our customers to service the needs of other property users in the project.

The project also includes 336 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB413.8 million in connection with the project.

Shenzhen Love Forever (深圳花郡)



Shenzhen Love Forever (深圳花郡) is designed to be a residential community project comprised of eight 20- to 27-storey apartment buildings with a modernist style. The project is located at Xincheng Avenue, Bao'an District, Shenzhen and is within short walking distance to Bao'an Sports Center and has easy access to public transportation. The project occupies a total site area of approximately 23,955 square meters with a planned aggregate GFA of approximately 132,336 square meters. The construction of this project was commenced in October 2008 and the southern area is expected to be completed in October 2010 with the northern area expected to be completed in March 2011. The project is divided into a northern area, which is also named as Hua Xiang Jia Yuan (花鄉家園), with two 25-storey and two 20-storey buildings and a southern area, which is also named as Hua Jun Jia Yuan (花郡家園), with one 27-storey and three 20-storey buildings. Both areas of this project are being developed by Shenzhen Fantasia Investment, a project company in which we own 52% equity interests. Shenzhen Fantasia Investment holds a 100% interest in the project. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Commercial</u>
Total planned saleable GFA (in square meters)	91,745	8,696
Number of units	2,280	133

The project also includes 1,034 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of September 30, 2009, we had obtained all land use rights certificates for the project and the pre-sale permit for the southern area. The land use rights for the project were granted for residential

purposes. Based on relevant construction works planning permit, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights.

Total development costs for the project are expected to be approximately RMB510.9 million upon completion. As of June 30, 2009, we had incurred approximately RMB197.7 million in connection with the project.

Shenzhen Meinian Plaza (深圳美年廣場)

On June 1, 2009, Fantasia Group (China) entered into a property transfer agreement with Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司), an Independent Third Party, under which Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司) agreed to transfer to us an industrial building named as Pengji Times Enterprise Incubation Park (鵬基時代創業園) (the “Incubation Park”) located on the south-west corner of Nanhai Avenue and Dongbin Road in Nanshan District, Shenzhen, Guangdong Province and the land use rights for the underlying land with a total site area of approximately 29,546 square meters. The Incubation Park is currently under development by Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司). The Incubation Park has a planned GFA of approximately 87,638 square meters and is expected to have a saleable GFA of approximately 73,466 square meters. The land use rights for the Incubation Park were granted for industrial purposes. Construction of the Incubation Park was commenced in May 2007 and was completed in August 2009. Pending our successful completion of the auction or listing for sale process and payment of the relevant transfer premium, Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司) is expected to transfer its ownership of the Incubation Park and land use rights for the underlying land to us and complete the relevant properties registration procedures by the end of January 2010. We plan to hold approximately half of the total GFA of the Incubation Park for lease and approximately half of the total GFA of the Incubation Park for sale.

We also acquired a factory building located at No. 3, Pengji Longdian Industrial City, Shekou Industrial Avenue, Nanshan District, Shenzhen, Guangdong Province (the “No. 3 Factory Building”) from Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司) and plan to convert the No. 3 Factory Building into a hotel and other ancillary facilities to service the Incubation Park after obtaining all necessary governmental approvals. The No. 3 Factory Building occupies a site area of approximately 3,123 square meters with a total GFA of approximately 12,571 square meters. We are required to pay a total consideration of RMB718.5 million for the Incubation park and the No. 3 Factory Building. As of September 30, 2009, we have paid approximately RMB80.0 million and are expected to pay the remaining amount of approximately RMB638.5 million in four installments by February 2010 with internal funds of approximately RMB288.5 million and bank loans of approximately RMB350.0 million.

Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目)



Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目) is located in Shenzhen Futian Free Trade Zone, which has an easy access to the transportation network around Huanggang Border and Guangzhou-Shenzhen Expressway. The project occupies a total site area of approximately 18,718 square meters with a planned total GFA of approximately 67,908 square meters. The project is expected to have an aggregate saleable GFA of approximately 46,795 square meters. It is also expected to include 407 car parking spaces which are not included in the total saleable GFA of the project. The construction of the project is expected to be commenced in December 2009 and completed in December 2010. The project is expected to be developed by Shenzhen Huiheng, a project company in which we own 100% equity interest through our wholly owned subsidiary Shenzhen Kangnian. Shenzhen Huiheng holds a 100% interest in the project. The land use rights for this project were granted for warehouse purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights in September 2009.

Pearl River Delta Region — Outside Shenzhen

Dongguan Mont Conquerant (東莞君山)



Dongguan Mont Conquerant (東莞君山) is located at Huanggouluo Huangkeng Village, Liaobu Town, Dongguan, Guangdong Province, which is adjacent to the Fengjing Golf Course and enjoys view of Huying Park and Huangqi Hill. The project is expected to be a large scale residential community comprised of seventeen low rise buildings and ten 18- to 32-storey buildings and a clubhouse. The project occupies a total site area of approximately 52,853 square meters with a planned GFA of approximately 142,928 square meters. The project is divided into two phases, both of which are being, or are expected to be, developed by Dongguan Fantasia, our wholly owned project company. We hold a 100% interest in the project. We had obtained the land use rights certificate for both phases of the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of the entire project from an Independent Third Party that held the land use rights.

Phase I of the project is expected to be comprised of seventeen 3-storey buildings. Phase I has a planned GFA of approximately 19,945 square meters. Commenced in June 2009, construction of Phase I is expected to be completed in March 2010. As of September 30, 2009, we had obtained the pre-sale permit for certain portion of the residences and have begun pre-sale in July 2009. Details of Phase I of the project as of September 30, 2009 are set forth below:

	Residential
Total planned saleable GFA (in square meters)	19,885
Number of units	41
Total GFA pre-sold (in square meters)	17,645
Total GFA retained for investment (in square meters)	—

Phase II of the project is expected to be comprised of ten 18- to 32-storey buildings with a total planned GFA of approximately 122,983 square meters, including an aggregate of saleable GFA of approximately 71,024 square meters for residences and approximately 25,990 square meters for basement area, most of which we intend to retain for car parking spaces. Phase II of the project was commenced in September 2009 and is expected to be completed in June 2011. As of September 30, 2009, we had also obtained the construction works commencement permit for Phase II. We plan to begin pre-sale in October 2010.

Total development costs for the project are expected to be approximately RMB613.7 million upon completion. As of June 30, 2009, we had incurred approximately RMB264.1 million in connection with the project.

Huizhou Endless Blue (惠州碧雲天)

Huizhou Endless Blue (惠州碧雲天) is expected to be a residential community located in Huangyuyong, Daya Bay, Huizhou, Guangdong Province. It is linked by several roads to the city center of Daya Bay and the petroleum and chemical industrial zone of Huizhou. The project is designed to be comprised of eleven 24- to 30-storey buildings. The project occupies a total site area of approximately 35,000 square meters with a planned GFA of approximately 168,545 square meters. It is planned to have an aggregate saleable GFA of 132,277 square meters for residences, 4,644 square meters for commercial use. The project is also expected to include 1,003 car parking spaces which are not included in the total saleable GFA approximately 18,665 square meters for car parking spaces. The project is planned to be commenced in December 2009 and completed in August 2011. The project is expected to be developed by Huizhou Daya Bay, our wholly owned project company. We hold a 100% in the project.

As of September 30, 2009, we had obtained the land use rights certificate and construction land planning permit for this project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through government-organized listing-for-sale.

Total development costs for the project are expected to be approximately RMB442.2 million upon completion. As of June 30, 2009, we had incurred approximately RMB68.3 million in connection with the project.

Huiyang Project (惠陽項目)

Huiyang Project (惠陽項目) is located to the east of Huinan Avenue in Huiyang, Huizhou, Guangdong Province. It is adjacent to Huiyang bus terminus and is within walking distance to Danshui central business areas. The project occupies a total site area of approximately 172,000 square meters with a planned total GFA of approximately 586,000 square meters. The project is expected to have an aggregate saleable GFA of 510,205 square meters with approximately 486,205 square meters for residences and approximately 24,000 square meters for commercial use. It is also expected to include 2,040 car parking spaces which are not included in the total saleable GFA of the project. Construction of Phase I of the project is expected to be commenced in December 2009 and completed in December 2010. The project is expected to be developed by Huizhou Huaqianli, our wholly owned project company. Huizhou Huaqianli holds a 100% interest in the project. We had obtained the land use rights certificate for the project and the land use rights were granted for comprehensive purposes including for residential and commercial use. We obtained the land use rights for the project through government-organized listing-for-sale in September 2009.

Yangtze River Delta Region

Town on the Water (雲海間)



Town on the Water (雲海間) is expected to be a low density community of upscale residences located in Lianyi Village, Xizhu Town, Yixing, a county-level city in Wuxi, Jiangsu Province. It is adjacent to the Hengshan Reservoir which is one the six largest reservoirs in Jiangsu Province and a new tourist attraction in the Yangzi River Delta area. It is located about 15 kilometers away from the Nanjing- Hangzhou expressway and is within two hours drive to major cities in the surrounding region such as Shanghai, Nanjing and Hangzhou.

The project occupies a total site area of approximately 66,664 square meters with a planned aggregate GFA of approximately 41,432 square meters. The project is expected to be comprised of 71 upscale low rise buildings with a total saleable GFA of approximately 22,250 square meters and four hotel buildings with a total saleable GFA of approximately 17,990 square meters. The project is developed by Yixing Jiangnan Shuixiang, a project company in which we hold a 60% equity interest. Yixing Jiangnan Shuixiang holds a 100% interest in the project. We had obtained the land use rights certificate for the project. The land use rights for the project were granted for comprehensive purposes including residential and commercial use. We obtained the land use rights for the project through acquisition of a project company that held the land use rights.

Commenced in November 2007, construction of the project is expected to be completed in January 2010. As of September 30, 2009, we had obtained the required construction works commencement permit for the project, and had obtained the pre-sale permit for certain portion of the project and we have begun pre-sale in November 2008. Details of the project as of September 30, 2009 are set forth below:

	<u>Residential</u>	<u>Hotel</u>
Total planned saleable GFA (in square meters)	22,250	17,990
Number of units	71	276
Total GFA pre-sold (in square meters)	5,247	5,559
Total GFA retained for hotel management (in square meters)	—	7,095

Of all the saleable GFA of this project, we intend to retain approximately 7,095 square meters for investment.

Total development costs for the project are expected to be approximately RMB222.7 million upon completion. As of June 30, 2009, we had incurred approximately RMB74.2 million in connection with the project.

Suzhou Project (蘇州項目)

Suzhou Project is located in the Suzhou Taihu National Tourism Vacation Zone (蘇州太湖國家旅遊度假區), a famous tourist attraction in Suzhou, Jiangsu Province. In August 2009, Fantasia Group (China) entered into a share transfer framework agreement with Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司) in connection with the transfer of 100% equity interest in Suzhou Huawanli, a project company newly incorporated and Suzhou LKN, both of which are currently under the control of Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司). Upon the completion of the share transfer, we will own the land use rights for our Suzhou Project for certain parcels of land which are currently possessed by Suzhou LKN. In addition, we will also, through the share transfer, obtain certain parcels of land which are expected to be acquired by Suzhou Huawanli for our Suzhou Project. Suzhou Huawanli and Suzhou LKN are expected to be the project companies for this project. Except for the possession of such parcels of land, we believe Suzhou Huawanli and Suzhou LKN currently do not engage in any other business operating activities. As of the Latest Practicable Date, we had paid a deposit of RMB30.0 million upon the execution of the framework agreement and also paid a consideration of approximately RMB393.0 million for the share transfer under the framework agreement. Total consideration for the project as stated in the framework agreement is approximately RMB785.8 million. The project occupies a total site area of 379,635 square meters, comprising of: (i) approximately 90,860 square meters currently owned by Suzhou LKN which has a planned aggregate GFA and saleable GFA of approximately 83,864 square meters, and (ii) approximately 288,775 square meters expected to be acquired by Suzhou Huawanli which has a planned aggregate GFA and saleable GFA of approximately 449,257 square meters. The project is expected to have a total GFA of approximately 418,009 square meters for boutique residences and approximately 115,112 square meters for basement area, some of which we intend to retain for car parking spaces. Our property valuer, Jones Lang LaSalle Sallmanns Limited, is of the opinion that, as of September 30, 2009, the reference capital value of such parcels of land would be RMB2,740,000,000, assuming all relevant title certificates of the property have been obtained by the Group, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation and resettlement costs. Since the relevant agreements are currently under internal review process by both parties and the completion of such proposed share transfer may be subject to requisite legal procedures, including listing and posting a public notice because the equity interest in the target project companies are state-owned, we expect to complete the share transfer in the first half of 2010 when Suzhou Huawanli is expected to complete the acquisition of such parcels of land as agreed under the share transfer framework agreement. The construction of Phase I of this project is expected to be commenced in June 2010 and completed in November 2011.

Beijing-Tianjin metropolitan region — Tianjin

Tianjin Hailrun Plaza (天津喜年廣場)



Tianjin Hailrun Plaza (天津喜年廣場) is expected to be an urban complex. The centerpiece of the project is expected to be five high-rise buildings of 19- to 30-storey. The project is located on Jiefang South Road, Jinnan District, Tianjin. The project occupies a total site area of approximately 21,410 square meters with a planned total GFA of approximately 131,341 square meters. The project is divided into several phases, all of which are being, or expected to be, developed by Tianjin Songjiang-Fantasia, a project company in which we own 60% equity interest. Tianjin Songjiang-Fantasia holds a 100% interest in the project. We had obtained the land use rights certificate for all phases of the project. The land use rights for the project were granted for general construction purpose including for office spaces and commercial use. We obtained the land use rights for the project through acquisition of the entire project from an Independent Third Party that held the land use rights.

Phase I of the project is comprised of two 19- to 20-storey buildings with a planned total GFA of approximately 48,547 square meters. Commenced in September 2008, construction of Phase I is expected to be completed in June 2010. As of September 30, 2009, we had obtained the construction works commencement permit for Phase I. We had also obtained the pre-sale permit for this phase. Details of Phase I of the project as of September 30, 2009 are set forth below:

	<u>Office</u>	<u>Commercial</u>
Total saleable GFA (in square meters)	25,935	1,011
Number of units	502	8
Total GFA pre-sold (in square meters)	19,773	—
Total GFA retained for investment (in square meters)	—	—

In addition, Phase I of the project is expected to include 900 car parking spaces that are non-saleable and we also intend to retain these non-saleable car parking spaces for investment.

Phase II of the project has a planned GFA of 82,794 square meters. It is expected to have an aggregate saleable GFA of 26,571 square meters for residences and approximately 25,534 square meters for office spaces. It was commenced in September 2008 and is expected to be completed in December 2010. As of September 30, 2009, we had obtained the construction works commencement permit for Phase II.

Total development costs for the project are expected to be approximately RMB708.6 million upon completion. As of June 30, 2009, we had incurred approximately RMB367.4 million in connection with the project.

Yingcheng Lake (營城湖)

Yingcheng Lake (營城湖) is expected to be a residential community located to the south of Yingcheng Reservoir, Hangu District, Tianjin. The project is located within the New Coastal Area of Tianjin, which is a national level key development area in Tianjin, and is further within the sub-area of the New Coastal Area designated for leisure and tourism purposes. We believe the project may have a great prospect for value appreciation as an increasing number of tourist attractions and facilities are planned in the surrounding area. The project occupies a total site area of approximately 100,000 square meters with a planned total GFA of approximately 168,339 square meters, including an aggregate saleable GFA of approximately 62,585 square meters for residences, approximately 60,486 square meters for office spaces and approximately 16,121 square meters for commercial use. The project is expected to be developed by Tianjin Fuda, our wholly owned project company. We will hold 100% interest in the project.

As of September 30, 2009, we had obtained the land use rights certificate for the project, but have not obtained the other certificates and permits required for the project. The land use rights for the project were granted for residential, commercial, service and tourism purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights. We are currently working on the general design and planning of the project.

Total development costs for the project are expected to be approximately RMB673.0 million upon completion. As of June 30, 2009, we had incurred approximately RMB113.0 million in connection with the project.

Potential New Property Development Projects

In addition to our existing property development projects, we are actively exploring opportunities for additional property development projects in China. We have entered into preliminary framework agreements with the local government authorities or relevant third parties related to certain potential new projects but have not yet entered into any further agreements and have not obtained relevant land use rights certificates for such projects. Commerce & Finance Law Offices, our PRC legal advisor, has advised us that, before we are able to obtain the relevant land use right certificates, we are still required by the relevant PRC laws and regulations (i) in respect of our Pixian and Yunnan projects, to successfully complete the public tender, auction or listing-for-sale process, enter into a land grant contract and pay relevant land grant premium; and (ii) in respect of our Beijing Tongzhou project, to enter into and perform our obligations under a formal share transfer agreement and duly complete registration procedures for such transfer of equity ownership with the relevant government authorities. We can not assure you that we will obtain any land use rights or any or all of the requisite governmental approvals for the development of these potential new projects. For more details on the risks associated with these potential new projects, please see “Risk Factors — Risks Relating to Our Business — We have entered into several preliminary framework agreements for potential new property development projects which are subject to significant risks and uncertainties” and “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” in this prospectus. Because these potential new property development projects are still at a very preliminary stage, we are not able to estimate the total development costs or set target completion dates for these potential new projects yet. The following table sets forth relevant information of our potential new projects as of the Latest Practicable Date:

Potential New Property Development Projects	Site Area (in square meters)	Total GFA Completed (in square meters)	Total GFA Under Development (in square meters)	Total GFA for Future Development (in square meters)	Total Planned GFA (in square meters)	Total Planned Saleable GFA (in square meters)	Expected Interest in the Project	Ref. to Property Valuation Report
Chengdu:								
Pixian Project (郫縣項目)	979,333	—	—	3,917,332	3,917,332	3,917,332	100%	49
Yunnan:								
Yunnan Project (雲南項目)	996,531	—	—	996,531	996,531	996,531	100%	50
Beijing:								
Beijing Tongzhou Project (北京通州項目)	8,219	—	—	55,000	55,000	n/a	100%	48
Total	1,984,083	—	—	4,968,863	4,968,863	4,913,863		

Pixian Project (郫縣項目)

In April 2007, Fantasia Group (China) and Tianjin Songjiang Group entered into a framework agreement with the People’s Government of Pixian County (郫縣人民政府) (the “Pixian Government”) relating to the development of the Wangcong Ancient Sichuan Culture Park (望叢古蜀文化產業園) located in Pixian County, Chengdu, Sichuan Province. Under the framework agreement, we were in charge of preparing overall plans and detailed designs of the culture park pursuant to the guidelines set by the Pixian Government. Pixian Government was expected to further enter into a cooperative agreement with us for the development of the culture park after it approved the overall plans and detailed designs prepared by us. We had submitted draft plans to the Pixian Government. Upon the initial approval of our draft plan granted by the Pixian Government, in September 2009, Fantasia Group (China) further entered into a cooperative agreement with the local government in relation to the detailed design, arrangement and improvement for parcels of land for the culture park and its ancillary facilities. Pursuant to the agreement, the local government agreed, among other things, to grant parcels of state-owned land in three years from 2010 to 2013 to developers through procedures in accordance with applicable laws and regulations, which are expected to occupy an aggregate site area of approximately 979,333 square meters. We are eligible and intend to acquire such lands for our Pixian Project through the relevant procedures. We expect the project to have an estimated aggregate saleable GFA of approximately 3,917,332 square meters. As of the Latest Practicable Date, we had

not obtained any land use rights or enter into any land grant contract with the local government for the Pixian Project.

Yunnan Project (雲南項目)

In June 2009, Fantasia Group (China), our subsidiary, entered into an agreement with the Administrative Committee of the Dali Provincial Tourism and Vacation Zone (大理省級旅遊度假區管理委員會) for the development of the Dali Bai Ethnic Culture Resort (大理白族民俗文化度假村) (the “Yunnan Project”), which will be located near Butterfly Spring (蝴蝶泉), a famous tourist attraction, in Dali, Yunnan Province. Under the agreement, we will be responsible for the feasibility study, environmental impact assessment, overall planning and designs and will bear the costs of certain infrastructure construction of the resort. In September 2009, Fantasia Group (China) entered into a cooperative agreement with the local government in relating to the detailed design, arrangement and improvement for parcels of land for the Dali Provincial Tourism and Vacation Zone (大理白族民俗文化度假村) and its ancillary facilities. Pursuant to the agreement, the local government agreed, among other things, to grant parcels of state-owned land in three years from 2010 to 2013 to developers through procedures in accordance with applicable laws and regulations. We are eligible and intend to acquire such lands for our Yunnan Project through the relevant procedures. We expect the project to occupy a total site area of approximately 996,531 square meters with an estimated aggregate saleable GFA of approximately 996,531 square meters. As of the Latest Practicable Date, we had not obtained any land use rights or enter into any land grant contract with the local government for the Yunnan Project. If we are successful in acquiring the land, we will apply for the requisite governmental approvals for the development for this project.

Beijing Tongzhou Project (北京通州項目)

In August 2009, Fantasia Group (China), our subsidiary, entered into a share transfer framework agreement with two individual Independent Third Parties in connection with the transfer of their 100% equity interest in Beijing Taibo to Fantasia Group (China) at the total consideration of RMB150.0 million. Upon the completion of the transfer, we will acquire the land use rights for certain parcels held by Beijing Taibo located at Xinhua Avenue, Tongzhou District, Beijing, which occupy a total site area of approximately 8,219 square meters with an estimated aggregate GFA of approximately 55,000 square meters. Our property valuer, Jones Lang LaSalle Sallmanns Limited, is of the opinion that, as of September 30, 2009, the reference capital value of these parcels of land would be RMB337,000,000, assuming all relevant title certificates of the property have been obtained by the Group, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation and resettlement costs. In addition to the parcels of land for which Beijing Taibo has obtained land use rights, these two Independent Third Parties also agreed, under the framework agreement, to negotiate with relevant government authorities to facilitate Beijing Taibo in legally obtaining the land use rights for certain additional parcels of land, which, if successful, will also be acquired by us upon our acquisition of the 100% interest in Beijing Taibo. Except for the possession of such parcels of land, we believe Beijing Taibo currently does not engage in any other business operating activities. As of the Latest Practicable Date, we had not yet entered into any further share transfer agreements in connection with the share transfer. We expect to complete the share transfer in the second half of 2010 when Beijing Taibo is expected to complete the acquisition of those additional parcels of land as agreed under the framework agreement.

OUR BUSINESS SEGMENTS

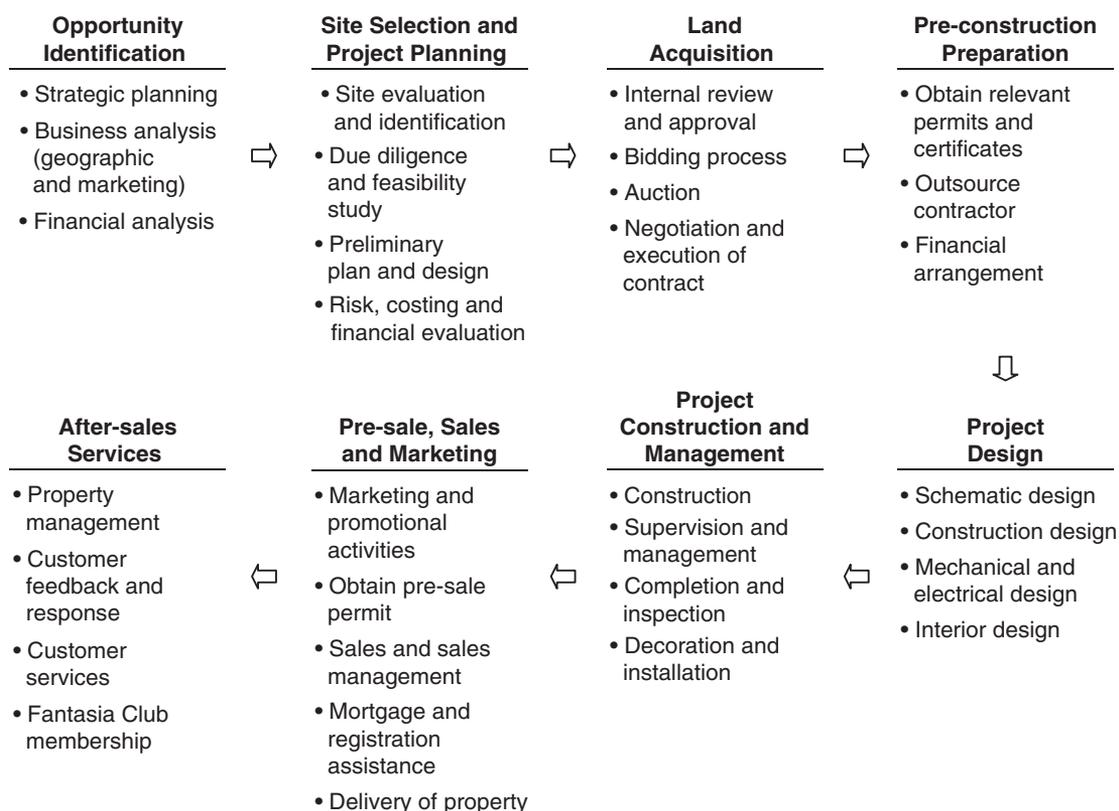
Our business includes (i) property development, (ii) property investment, (iii) property operation services, (iv) property agency services and (v) hotel services. Our property operation services include property management services, building equipment installation, maintenance and repair services, and information network services. Our property agency services include primary property agency services, secondary property brokerage services, and property consulting and advisory services. Our hotel services include hotel management and operation services.

During the Track Record Period and as of the Latest Practicable Date, we and our PRC subsidiaries were in possession of all of the relevant approvals and qualification certificates required under PRC laws and regulations in order to conduct our businesses.

PROPERTY DEVELOPMENT

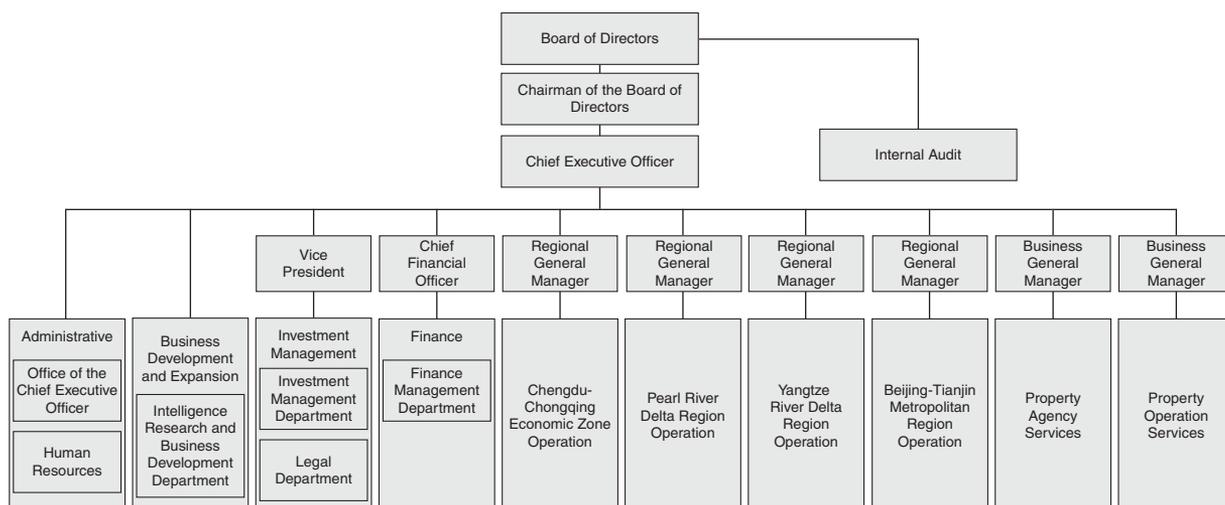
Overview

Although the nature and sequences of specific planning and execution activities will vary among our different property development projects, the core stages typically involved in the development of our properties include opportunity identification, site selection and project planning, land acquisition, pre-construction preparations, project design, project construction and management, pre-sale, sales and marketing, and provision of after-sales services, which are illustrated below:



Project Management

We have established project companies to supervise and manage our property development projects in different cities or regions in China that we believe will best allow us to address the unique market associated with such cities or regions. The senior management of our Group works closely with the senior management of each of our project companies to provide guidance as to the overall strategic directions of our Group as well as to supervise and oversee the activities of each of the project companies. The following chart illustrates the management structure of our Group:



Our project companies have further established specialized divisions to supervise and manage the major stages of our property development activities. The divisions include the construction management division, market planning division, marketing management division, project budgeting division, finance management division and product design division. However, depending on the size and the type of projects, the specialized divisions between each project company may vary and for certain projects, the relevant market research, site selection and other pre-construction, design and construction decisions may be directly carried out by the senior management of the Group or through one of its divisions instead of by the project companies. Our project companies generally enjoy a certain level of autonomy as to daily business operating decisions without the prior approval of the Group's senior management, which we believe enhances our operating efficiency and allows us to optimize our capacities and resources as well as to leverage on the local knowledge of the management of each project company. However, major operating decisions, such as the purchase of land, the approval of projects for development and financing, are subject to the decision of the Group's senior management. We believe our management structure provides us with the ability to consolidate the resources of the Group to enhance our negotiating powers with certain suppliers and contractors and facilitate the sharing of expertise among various projects in areas such as design, construction, marketing and sales.

Opportunity Identification

The first stage of our development process involves the identification of new opportunities for forthcoming land auctions or sales in strategic cities or regions in China. Our senior management and our business expansion and development division of our Group determine our strategic direction and our future project development plans. The business intelligence research and development department of our Group also conducts in-depth demographic and market research as to potential cities or regions in China into which we may consider entering. The selection criteria for suitable expansion opportunities is based on certain indicators, including, among others:

- population and urbanization growth rate;
- general economic condition and growth rate;

- disposable income and purchasing power of consumers;
- anticipated demand for residential and commercial properties and office spaces;
- availability of future land supply and land prices;
- cultural heritage of such city;
- local business environment and opportunities;
- availability of qualified personnel in such city or region and the willingness of our existing management personnel to relocate to such city or region;
- governmental urban planning and development policies; and
- overall competitive landscape.

Site Selection

We, through our property agency services subsidiary Xingyan Property Consultancy, as well as certain divisions of our property development business, are constantly engaged in the research of property market conditions in the Pearl River Delta region, the Chengdu-Chongqing Economic Zone, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region in an effort to identify and assess potential property development opportunities. Before selecting a parcel of land for development, we engage in comprehensive and in-depth market research and analysis to evaluate the market potential and value of the areas surrounding the land and the development potential of the land. Key factors that are considered during land selection include, but are not limited to:

- size, shape and location of the parcel;
- transportation access and availability of infrastructural support;
- prospects of economic development in the area, government income GDP and social, economic and environmental conditions of the area;
- demand for properties in the relevant area, including pricing potentials;
- existing and potential property developments in the area;
- convenience of the site, such as proximity to the city center, airport, subway and commercial facilities;
- suitability of the site for our products;
- cost, investment and financial return, including cash flow and capital appreciation;
- the status of the land use rights with respect to the targeted site in acquiring on the secondary market; and
- government development plans for the relevant site and neighboring area.

Furthermore, during land selection, we also consult with the relevant local authorities as to how the development of the targeted land can fit within the overall development plan of the region, city or area in which the land is located.

Land Acquisition

We follow a strict procedure in the acquisition of properties. Prior to acquiring a property, our business intelligence research and development department, investment management department, legal department, financial management department and certain other departments must all review and approve such proposed acquisition. The proposed project, once vetted and approved by various departments and our chief executive officer, will be submitted to our board of directors for approval. If the proposed project is approved by the board of directors, we will then seek to acquire the land use rights within a pre-set budget.

We have historically obtained our land and will continue to obtain land through (i) acquisition of land use rights through government-organized tender, auction and listing-for-sale; (ii) establishing joint venture project companies; (iii) cooperatively developing projects with third parties; (iv) acquiring target companies which have acquired land use rights themselves; and (v) acquisition of projects under development from third party project companies, representing 65.6%, nil, 2.6%, 26.4% and 5.4%, respectively, of our land bank acquired through these acquisition channels in terms of GFA for which we had obtained relevant land use rights as of the Latest Practicable Date. In both government bids and purchases in the secondary market, the purchase price typically includes all expenses required to deliver the land use rights.

The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by the MLR, revised on September 21, 2007 with the new title the Rules regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定), which came into force on November 1, 2007, provide that state-owned land use rights for commercial use, tourism, entertainment and commodity housing development may be granted by the government only through competitive bidding, auction or listing-for-sale. Where land use rights are granted by way of competitive bidding, the relevant land administration authority will issue a bidding announcement, inviting individuals, corporations and other organizations to participate in the tender. When deciding the grantee of the land use rights, the relevant authorities consider not only the tender price, but also the credit history and qualifications of the tenderer and the tender proposal. Where land use rights are granted by way of auction, the relevant land administration authority will issue an auction announcement, and the bidders can, at a specified time and location, openly bid for the relevant parcel of land. When land use rights are granted by way of listing-for-sale, the relevant land administration authorities announce the conditions for granting the land use rights at designated land transaction centers and bidders are invited to submit their bids in writing. The land use rights are granted to the bidder submitting the highest bid by the end of the listing-for-sale period. See “Regulatory Overview — Real Estate Development — Land for real estate development” and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — D. Development of a Property Project” in Appendix VII to this prospectus for further details.

Under current regulations, original grantees of land use rights are typically allowed to transfer the land use rights granted to them provided that (i) the assignment price payable to the relevant government authorities has been fully paid in accordance with the assignment contract and a land use rights certificate has been obtained; and (ii) development has been carried out according to the assignment contract and, in the event of a project in which properties are being developed, development representing more than 25% of the total investment has been completed. If the land use rights are obtained by way of allocation, such land may be transferable upon approval by the relevant government authority. See “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — E. Transfer and Sale of Property — (i) Transfer of property” in Appendix VII to this prospectus for further details.

Under current PRC laws and regulations, property development should be started no later than one year from the project commencement date stipulated in the relevant land grant contract and the development of the land should not be suspended for more than one year before we have completed one-third of the total GFA and invested more than one-fourth of the total estimated investment of the project. See “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — D. Development of a Property Project” in Appendix VII to this prospectus for further details.

Under current PRC laws and regulations, we may also obtain land use rights through the acquisition of project companies that already hold the relevant land use rights. We have obtained land use rights through such method for the following projects: Flower Harbor (花港家園), Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目), Fantasia Special Town (別樣城), Fantasia Town (花樣城), Chengdu Mont Conquerant (成都君山), Chengdu Future Plaza (成都香年廣場), Town on the Water (雲海間) and Yingcheng Lake (營湖城).

Pre-Construction

Permits and Certificates

Once we have obtained the rights to develop a parcel of land, we then begin to apply for the various permits and license that we need in order to begin construction and sale of our properties, which includes:

- land use rights certificate, which is a certification of the right of a party to use a parcel of land;
- construction land planning permit, which is a permit authorizing a developer to begin the survey, planning and design of a parcel of land;
- construction works planning permit, which is a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction works commencement permit;
- construction works commencement permit, which is a permit required for commencement of construction; and
- pre-sale permit, which is a permit authorizing a developer to start the pre-sale of property still under construction.

As of the Latest Practicable Date, we have obtained all the required land use rights certificates and permits for our existing properties under development, taking into account the respective stages of development at such date. In addition, we have obtained all land use rights certificates for our properties that are held for future development, except for a parcel of land with a site area of approximately 29,546 square meters in Shenzhen Meinian Plaza (深圳美年廣場) and certain parcels of land with a total site area of 379,635 square meters located in Suzhou for our Suzhou Project (蘇州項目). We expect to obtain such land use rights certificates after completing all requisite legal procedures. In addition, we have also entered into preliminary framework agreements with the local government authorities and relevant third parties related to three potential new projects located in Pixian County, Chengdu, Sichuan Province, Dali, Yunnan Province and Beijing. We expect to enter into detailed agreements related to those three projects in order to obtain the land use rights certificates.

Financing of Property Development

Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We finance the acquisition of land reserves from internal funds, while our property development costs, including construction costs and additional financing for existing projects, are typically financed by internal funds and project loans from PRC banks. The following summarize our main financing methods for our projects:

- Internal funds. Our internal funds are primarily from shareholder contributions, which include the US\$200 million raised in connection with the Pre-IPO Investment. As of the Latest Practicable Date, approximately 68.5% of the proceeds from the Pre-IPO Investment has been applied to increase our land banks in China. Our internal funds also include proceeds from pre-sale of properties, which are proceeds we receive when we enter into contracts to sell properties prior to their completion. Under relevant PRC regulations, we may engage in such pre-selling activities subject to satisfaction of certain requirements. See “— Pre-sale, Sales and Marketing.” We typically receive an initial payment of at least 30% of the purchase price at the execution of the pre-sale contracts and the balance typically within 30 days of the execution of the pre-sale contracts, by which time the customer is required to have obtained a bank mortgage. Proceeds from the pre-sale are typically used to repay borrowings as well as to fund the development of the project from that stage.
- Borrowings. As of September 30, 2009, we had total secured borrowings of RMB1,763.4 million. We usually obtain project-specific borrowings that are secured by our properties under development and our land use rights, and usually repay the borrowings using a

portion of our pre-sale proceeds of the specific property. Since June 2003, commercial banks in China have been prohibited under PBOC guidelines from granting loans to fund the payment of land premiums and for the development of luxury residential properties. In September 2007, the PBOC and the CBRC issued a notice prohibiting commercial banks in China from granting loans to a property development project before the project has obtained all necessary permits for the commencement of its construction. As a result, property developers may only use their own internal funds instead of borrowings from PRC banks to pay for land premiums and other costs incurred prior to obtaining all necessary permits for the commencement of the relevant projects. In addition, pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) promulgated by the CBRC on September 2, 2004, the internal capital ratio, calculated by dividing the internal funds available by the total project capital required for a project, of a property developer who intends to borrow from commercial banks shall be no less than 35%, an increase of five percentage points from 30%, as previously required. Furthermore, under guidelines jointly issued by the MOC and other PRC government authorities in May 2006, commercial banks in China may not lend funds to property developers with an internal capital ratio of less than 35%. However, on May 25, 2009, the State Council issued the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) and lowered the minimum capital requirement for projects of affordable residential housing and regular commodity residential houses from 35% to 20% and, for other property projects, to 30%. In July 2007, the General Department of SAFE also issued a circular to restrict a foreign invested property developer's ability to raise capital through foreign debt. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — F. Property Credit" in Appendix VII to this prospectus for further details.

In the future, we expect to fund our projects by using a combination of sources, including internally generated cash flow, borrowings, and funds raised from the capital markets from time to time. In particular, as of June 30, 2009, the total contracted capital commitment of our projects amounted to RMB1,773.5 million. For details of the capital commitment we have made relating to our projects as of June 30, 2009, please refer to "Financial Information — Indebtedness, Contingent Liabilities and Capital Expenditures — Commitments" in this prospectus.

Our internal funds used to finance the acquisition of land reserves and property development costs will also include fund raised through the Global Offering, and repatriate through the establishment of new subsidiaries or through the subscription to increases in the registered capital of our existing subsidiaries. See "Future Plan and Use of Proceeds — Use of Proceeds" in this prospectus for details. On May 23, 2007, MOFCOM and SAFE promulgated the Notice 50 which imposed additional restrictions and requirements on foreign investment in the real estate industry. As advised by our PRC legal advisor, Commerce & Finance Law Offices, Notice 50 requires that foreign invested real estate companies newly approved and established must comply with certain registration requirements with MOFCOM. As none of the foreign invested enterprises of our Group was newly approved and established after effective date of Notice 50, our PRC legal advisor is of the view that such requirement does not apply to our Group. In addition, Notice 50 requires that foreign invested real estate companies with property projects or property business newly added must also comply with the relevant approval requirements pursuant to Notice 50. As all of the foreign invested enterprises of our Group with newly added projects and businesses have obtained the requisite approvals required by Notice 50 and obtained the new approval certificates, our PRC legal advisor is of the view that our Group has also complied with such relevant approval requirement stipulated under Notice 50. In accordance with Notice 50, if we propose to establish new foreign-invested real estate enterprises in China using the proceeds from our Global Offering, we must complete the requisite filing procedures with MOFCOM in addition to obtaining the approval of local authorities for the establishment of such foreign-invested real estate enterprises. Following the implementation of the SAFE notice, we have successfully remitted foreign funds from our offshore holding entities into Fantasia Group (China), Tianjin Songjiang-Fantasia, Fantasia Chengdu Ecological and Shenzhen Zhifu through the increase of registered capital

that were registered with MOFCOM. Our PRC legal advisor, Commerce & Finance Law Offices, is of the view that our Group has complied with such registration requirements under the SAFE notice. Based on the SAFE notice, if we intend to use the proceeds from our Global Offering to increase the registered capital of existing foreign-invested real estate enterprises or establish new foreign-invested real estate enterprises, we must complete the requisite filing procedures with MOFCOM before we can apply for foreign exchange registration to allow the proceeds to be remitted into China for such purpose. However, even if requisite filing procedures have been completed with MOFCOM, we are not permitted to use proceeds from the Global Offering to provide shareholder loans to newly established foreign-invested real estate enterprises or those that have increased their registered capital after June 2007 on the basis that the SAFE will not register such foreign loans or allow such proceeds to be remitted into China as a foreign loan. In addition, 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 enterprise 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 cannot be used for domestic equity investment or acquisition. See “Risk Factors — 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”, “Risk Factors — Risks Relating to Our Industry — 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” in this prospectus and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — B. Foreign-invested Property Enterprises” in Appendix VII to this prospectus for further details. Such proceeds from pre-sales, together with internal funds and project loans, are the major sources of funds for the construction of our projects.

Design

In order to provide our customers with distinctive designs and also to achieve operating efficiency, we outsource the design of substantially all of our property development projects to third party domestic or international architecture and design firms. We have in the past worked closely with leading domestic and international architecture and design firms, such as Huayi Designing Consultancy (Shenzhen) Co., Ltd., Belt Collins International (HK) Ltd., Peddle Thorp Architects-Melbourne of Australia, Architecture Urbanism Building Engineer Co., Ltd. of France and The Collaborative West Co., Ltd. and att+K Inc. of the United States. Our product design divisions are responsible for selecting third party architecture and design firms, taking into consideration their reputation, proposed designs and their past relationship with us. From time to time, we also engage in a tender process in which the architecture and design firms submit proposals which we determine whether they can be translated into commercially viable projects. Our product design divisions supervise and provide the outside architecture and design firms with certain directions and design criteria in which we aim to market our property development projects. In addition, our product design divisions work closely with the architecture and design firms in major aspects of the design process, from master planning, design specifications and adjustments, raw material selection, to ensuring that the designs are in compliance with local regulations. Our product design divisions monitor closely the work of the architecture and design firms to ensure that the project designs meet our specifications and work together with our project directors and our construction management divisions to ensure that any problems encountered with the proposed design during construction are resolved in a timely manner.

From time to time, we have engaged and may in the future continue to engage Cube Architecture, in which Ms. Zeng and Mr. Pan indirectly held a 31% equity interest, to design our property development projects, such as for the Phases II and III of Fantasia Special Town (別樣城) and for Shenzhen Future Plaza (深圳香年廣場). During the Track Record Period, agreements entered into with Cube Architecture are similar in terms and conditions with agreements entered into with other third party architecture and design firms for similar projects. Agreements entered into in the future with Cube

Architecture will continue to be under the same terms and conditions with other third party architecture and design firms for similar projects. Except for Cube Architecture, all other architecture and design firms engaged by our Group are Independent Third Parties.

In 2006, 2007 and 2008 and for the six months ended June 30, 2009, payments to external architecture and design firms to engage in master planning of our projects amounted to approximately RMB7.7 million, RMB13.1 million, RMB13.7 million and RMB4.5 million, respectively.

Project Construction and Management

Construction and Procurement

We outsource our project construction activities entirely to independent third party contractors and subcontractors. To ensure the smooth cooperation between third party contractors and us and a high quality of construction work, we usually invite contractors to participate in a tender process. When selecting contractors, we consider the contractors' reputation, past performance, work quality, proposed delivery schedules, costs and current project type and profile and seek to maintain our construction costs at a reasonable level without sacrificing quality.

Our construction contracts are typically fixed price contracts that, except for certain provisions relating to the procurement of construction materials, provide for periodic payments during construction until a specified maximum percentage of the total contract sum is paid upon the completion of quality inspection. We generally retain a small portion of the contract price until the end of the warranty period as specified under the construction contracts to cover any potential expenses incurred as a result of any construction defects. However, under certain circumstances, the construction contracts also provide for bonus payment to the contractors if the construction is completed ahead of schedule. The construction contracts we enter into with construction companies also typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. A project director from our project companies is assigned to each project to monitor quality and cost control and construction progress closely during construction. In the event of a delay in construction or unsatisfactory quality of workmanship, we may require the construction companies to pay a penalty or provide other remedies. During the Track Record Period, we have not experienced delay in construction or unsatisfactory quality of workmanship. In addition, as of the Latest Practicable Date, we had not historically experienced any material disputes with any of our contractors.

A significant portion of the equipment and material used during construction are purchased by the contractors in accordance with the specifications provided by the design plan of the architecture and design firms and us. Certain materials, however, are purchased based on the joint consultation and selection between our contractors and us, such as cement. Furthermore, certain other equipment and materials, such as elevators, interior decoration materials and air conditioning systems, are purchased by us through our construction management divisions. Each transaction is initiated by a purchase order and the suppliers are asked to deliver the supplies to locations specified by the relevant property development projects. Depending on factors such as costs, shipping expenses, convenience, quality and the type of equipment and materials needed for a particular project, each of our construction management divisions may purchase the same equipment and material from different suppliers or may combine to purchase from the same supplier to enhance our negotiating powers.

In 2006, 2007 and 2008 and for the six months ended June 30, 2009, payments to our largest supplier accounted for approximately 18.8%, 18.1%, 23.0% and 13.0%, respectively, of our total cost of sales for the respective period. For the same periods, payments to our five largest suppliers accounted for approximately 48.5%, 45.3%, 76.4% and 37.1%, respectively, of our total cost of sales for the respective period. None of our Directors, their associates nor any shareholder holding more than 5% of our issued share capital has any interest in our five largest suppliers.

Quality Control and Supervision

We place a strong emphasis on quality control to ensure that our properties comply with relevant regulations, meet the specified standards and are of a high quality. Each project is assigned a project director with its own project management team, which is comprised of qualified engineers, including civil engineers, electrical engineers and sanitary engineers. Depending on the size and the nature of the project, there could be one or more than one such engineer in a given project. Our project management team perform on-site inspections and supervision on a day-to-day basis so as to ensure the workmanship and the quality of the material used by the contractors. The contractors are also subject to our quality control procedures, including appointment of internal onsite quality control engineers, examination of materials and supplies and on-site inspection. To maintain quality control, we employ strict procedures for the selection, inspection and testing of the equipment and materials that are purchased. Our project management teams inspect equipment and materials to ensure compliance with the contractual specifications before accepting the materials onsite and approving payment. We reject equipment and materials that are below our standards or that do not comply with our specifications. We also engage independent supervisory companies to conduct quality and safety control checks on all building materials and workmanship on site. Finally, prior to handing over a property to a purchaser, our sales and customer service departments, together with our engineers and the relevant property management company, inspect the property to ensure the quality of the completed property.

Pre-sale, Sales and Marketing

We typically conduct pre-sales of our property units prior to the completion of a project or a project phase. As of September 30, 2009, we had obtained the relevant pre-sale permits for all or certain portions of our nine projects/phases that are currently under development, only except for Phase 1.2 and Phase 2 of Fantasia Town (花樣城). Under relevant PRC regulations, we may engage in such pre-selling activities subject to satisfaction of certain requirements set forth in laws and regulations governing pre-sales of properties. These requirements include:

- the land premium must have been fully paid and the relevant land use rights certificates must have been obtained;
- the required construction works planning permits and the construction works commencement permits must have been obtained;
- the funds contributed to the property developments where property units are pre-sold may not be less than 25% of the total amount invested in a project and the progress and the expected completion date and delivery date of the construction work have been confirmed;
- pre-sale permits have been obtained from the construction bureaus at local levels; and
- the completion of certain milestones in the construction processes or other requirements as specified by the local government authorities.

These mandatory conditions are designed to require a certain level of capital expenditure and substantial progress in project construction before the commencement of pre-sales. Generally, the local governments also require developers and property purchasers to use standard pre-sale contracts prepared under the supervision of the local government. Developers are required to file all pre-sale contracts with local land bureaus and real estate administrations after entering into such contracts. We have complied with all the relevant pre-sale rules and regulations in the past in all material respects. See “Regulatory Overview — Real Estate Development — Sales and Pre-sales” in this prospectus and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — E. Transfer and Sale of Property — (ii) Sale of commodity buildings” in Appendix VII to this prospectus for further details, including further details on pre-sale regulations in Guangdong, Shenzhen, Sichuan and Tianjin.

The pre-sale, sales and marketing of our properties are conducted by our marketing management divisions and our subsidiary Xingyan Property Consultancy, a dedicated property agency services

company with over 410 employees as of September 30, 2009 that provides project planning and sales for our properties as well as the properties of other developers. The Xingyan Property Consultancy primary property agency team works closely with our marketing management divisions from the beginning of the development process to conduct market research and formulate the stylistic direction of the project and the signature identity and brand that the project aim to achieve, conduct feasibility studies based on market analysis, conduct design sales and pricing strategies and determine appropriate advertising and sales plans for a particular property development and for a particular phase of the sales cycle. When our development projects are ready for pre-sale, Xingyan Property Consultancy will establish a dedicated sales team specifically for the project who will then carry out the actual selling activities. Such dedicated sales team will work closely and under the supervision of our marketing management divisions in order to ensure an efficient and orderly onsite sales process as well as to collect purchaser data and comments. Trainings for the Xingyan Property Consultancy primary property agency team are conducted periodically as well as for specific development projects. The Xingyan Property Consultancy primary property agency team will also suggest and recommend various marketing campaigns and promotional activities that will be considered and executed by our marketing management divisions. Marketing efforts cover the print media, television, internet, billboards, housing exhibits and entertainment events. Our marketing management divisions regularly review the sales performance of our properties by comparing our actual sales results against our sales plan and work with the Xingyan Property Consultancy primary property agency team to adjust our sales plan as appropriate. Consistent with third party developers that engage the services of Xingyan Property Consultancy, our project development companies also enter into sales contracts with typical market terms and conditions with Xingyan Property Consultancy to engage in the selling of our properties. For additional information, see “— Our Property Agency Business — Primary Property Agency Services.”

Our principal customers are affluent middle-to upper-class individuals and families and high-growth small- to medium-sized enterprises in high-growth regions in China. The percentage of revenue attributable to our five largest customers was less than 30% of our total revenue in 2006, 2007 and 2008 and for the six months ended June 30, 2009. During the Track Record Period, none of our Group’s directors, their associates nor any of the Shareholders that hold more than 5.0% of our Company’s issued capital had any interest in our five largest customers.

After-sales Services

Payment Arrangements

We typically require our purchasers to pay a non-refundable deposit that is typically between 5% and 10% of the purchase price before entering into formal purchase contracts. If the purchasers later renege on the purchase contract, they will forfeit such deposit. Upon executing the purchase contracts, the purchasers are typically required to pay not less than 30% of the total purchase price of the property. If purchasers elect to make a lump-sum payment, the remaining purchase price balance is typically required to be paid no later than three months after the execution of the purchase contracts. Purchasers of our properties, including those purchasing pre-sale properties, may also arrange for mortgage loans with banks. As part of our sales efforts, we will assist our customers in arranging and providing information related to obtaining financing. If the purchasers elect to fund their purchases by mortgages, under current PRC laws and regulations, they may obtain mortgages of up to a maximum of 80% of the purchase price with a repayment period of up to 30 years. However, if the purchase is for a second or subsequent residential property and a bank loan was obtained to finance the purchaser’s first property, then such purchaser may only obtain mortgages of up to 60%. For further purchases of properties, there would be continued downward adjustments on the percentage of the purchase price in which such purchaser can obtain a mortgage. In addition, 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. Purchasers are typically required to pay the remaining balance of the purchase price that is not covered by mortgages prior to the disbursement of mortgages from the banks. The payment terms of sales and pre-sales of properties are substantially

identical. See “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — E. Transfer and Sale of Property — (iii) Mortgages of Property” and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — F. Property Credit” in Appendix VII to this prospectus for further details on PRC laws and regulations on mortgages.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgages offered to our purchasers upon requests of the banks. These guarantees are released upon (i) the relevant property certificates being delivered to the banks and completion of the relevant mortgage registrations, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our projects. As of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, our outstanding guarantees on the mortgage loans of our purchasers 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%, respectively, of our total assets. 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. See “Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans provided to our purchasers and may be to the mortgagee banks if our purchasers default on their mortgage loans.” We do not conduct independent credit checks and due diligences as to our purchasers when providing guarantees but instead rely on the credit checks conducted by the mortgage banks, and will typically require a higher initial payments to purchasers with less than ideal credit histories or purchasers whose mortgage is considered too high as compared to their income. In addition, for certain purchasers that have been delinquent in their other financing obligations, we may refuse to provide such guarantees. We incurred a total loss of RMB0.5 million in the Track Record Period on our guarantees of mortgage loans due to default on the underlying mortgages by certain of our purchasers. We believe that our outstanding guarantees on the mortgage loans of our purchasers are over-secured as we believe the aggregate fair value of the underlying properties exceeds the aggregate amount of outstanding guarantees.

Delivery and Other After-sales Services

In addition to assisting our customers in arranging for and providing information relating to financing, we also assist our customers in various title registration procedures relating to their properties, including assisting them to obtain their property ownership certificates. We offer various communication channels to customers to obtain timely feedback about our products or services. Furthermore, we have established a membership program, the Fantasia Club (花樣會), in which purchasers of our properties are automatically enrolled. Such membership program provides our members with points when they purchase properties from us or recommend new customers to purchase our properties. In addition, membership points are provided through promotional activities and campaigns that we run from time to time. Membership points are redeemable for gifts or cash. We believe by establishing such membership program, we are better able to establish relationships with our customers and build customer loyalty, solicit customer feedbacks, generate sales lead and provide our members with forum to share information relating to our properties and events and activities that are happening within our property communities.

We endeavor to deliver the units to our customers on a timely basis. We closely monitor the progress of construction of our property projects and conduct pre-delivery property inspections to ensure timely delivery. The time frame for delivery is set out in the purchase contracts entered into with our customers, and we are subject to penalty payments to the purchasers for any delay in delivery caused by us. Once a property development has been completed, it must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. Thereafter, the construction contractors arrange for final inspection by the property development authority. Within 15 days of the completion of the final inspection, the property developers must file a completion inspection report upon the completion of properties with the relevant property development authority, at which time the property is ready for

delivery and we may hand over keys and possession of the properties to our customers. For additional information regarding the process of completion of a property project, please see “Summary of PRC Laws relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — D. Development of a Property Project” in Appendix VII to this prospectus. During the Track Record Period and up to the Latest Practicable Date, we have completed our construction and delivered the units to our customers based on our development schedule and the time frame for delivery set out in the purchase contracts.

We engage the services of our subsidiary, Shenzhen Fantasia Management, to provide property management services to our properties, including security services, maintenance of properties and facilities, gardening as well as to solicit customer feedback as to our products. Our property Shenzhen Endless Blue (深圳碧雲天) is not currently serviced by Shenzhen Fantasia Management, however, Shenzhen Endless Blue (深圳碧雲天) was our first project and Shenzhen Fantasia Management was not established at the time to provide property management services to such project.

For additional information as to our property management services, see “— Our Property Operation Business — Property Management Services.”

Commitments and Undertakings

Our purchase contracts entered into with our purchasers typically require the properties to meet certain standards and also provide certain warranties to our purchasers. We typically guarantee to our purchasers that our properties are constructed in accordance with the current standards of construction and design, have passed quality inspection by the relevant local authorities and all components, equipment and facilities of the properties are performing in accordance with relevant standards. We also provide warranties to our purchasers to cover the foundations, primary structures, designs, roofs, exterior walls, wire, gas and water pipes, lighting and other electrical systems of our properties for a certain number of years in accordance with relevant local requirements and standards of the cities where our properties are located. For example, in Shenzhen, we warrant to our purchasers the foundations and the primary structures and designs of our properties for a term of 50 years, water leakage for roofs and exterior walls for a term of five years, wires and gas and water pipes for a term of two years and lighting and certain electrical systems for a period of six months, provided that the properties and such wires, pipes, lighting and systems are used under normal wear and tear conditions. However, such warranties do not cover damages that are the result of improper usage or changes made to the units or equipment by the unit owners or damages that are caused by force majeure. In special circumstances, however, we may decide to provide free repair services to our customers for damages that are not covered by our warranties. For example, some of our completed properties in Chengdu suffered minor damages such as cracks on the walls during the major earthquake that struck Sichuan province in China in May 2008. While such damages are not covered by our warranties because the earthquake 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.

OUR PROPERTY INVESTMENT BUSINESS

We currently hold certain commercial, industrial and residential units, office spaces, retail shops and car parking spaces, which we consider to be properties held for investment. Such properties are held and managed by us in order to provide us with recurring rental income as well as for capital appreciation potentials. Our investment properties are typically located in prosperous city business areas or areas around city centers as well as in large communities that we develop. In addition, by holding certain properties for lease in the projects that we develop, we believe we have the ability to introduce certain tenants that may potentially increase the attractiveness of our properties. For example, Shenzhen Fantasia Investment have entered into an agreement with Shenzhen Suibao Chain-Store Business Development Co., Ltd. (深圳歲寶連鎖商業發展有限公司), a large-scale department store operator based in Shenzhen, who has leased retail spaces with a total GFA of approximately

OUR BUSINESS

10,888 square meters in our Shenzhen My Place (深圳花好園) project, which will provide the residents or tenants of Shenzhen My Place (深圳花好園) the ability to conveniently purchase household products and clothings within minutes from their home. In selecting tenants, we generally consider factors such as the business of the tenant, the attractiveness of such business to the residents or tenants of our properties, competing business in the surrounding area and reputation, among others. The table below sets forth our investment properties as of September 30, 2009:

	Office and Industrial	Residential	Commercial	Car park
	(square meters)			(units)
Total GFA retained for investment	450	231	16,689	1,709

The car parking spaces that we hold for investment in Shenzhen contributed approximately RMB6.8 million to our total revenue, accounting for an insignificant portion, during the Track Record Period. Among the car parking spaces that we hold for investment, 177 car parking spaces in our Shenzhen Endless Blue (深圳碧雲天) project are the subject of a civil complaint that we filed against Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) in 2007. We believe we have the property interests in the contended car parking spaces and claimed that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has illegally occupied the contended car parking spaces and collected parking fees without our consent since November 2006. The court granted a judgment partially in our favor in February 2009. We and Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) have both appealed the judgment to the higher-level court. For additional information, see “— Legal Proceedings” and “Risk Factors — Risks Relating to Our Business — 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.”

In June 2009, we entered into an agreement for the purchase of the Incubation Park in Shenzhen Meinian Plaza (深圳美年廣場) after construction of the Incubation Park is completed. We plan to hold approximately half of the total GFA of the Incubation Park for investment. For additional information, see “— Our Property Development Projects — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場).”

As additional properties are developed, we will continue to hold a certain percentage of our developed properties as investment properties. However, we may also decide to sell such investment properties from time to time when we believe that sales would generate a better return on investment than through rental or holding for capital appreciation.

As a result of holding investment properties, our profitability may fluctuate substantially due to changes in fair value of our investment properties because certain portion of our net profits were, during the Track Record Periods, and will continue to be, attributable to changes in fair value of our investment properties. The fair value of our investment properties is likely to fluctuate from time to time in accordance with local real property market conditions and factors that are beyond our control and may decrease significantly in the future. See “Risk Factors — Risks Relating to Our Business — 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.”

OUR PROPERTY OPERATION BUSINESS

Overview

We provide property operation services to our properties through the subsidiaries of Shenzhen Fantasia Colour, a subsidiary of our Group in which we own 70% equity interest, with the remaining equity interests owned by the senior management of Shenzhen Fantasia Colour and employees of the subsidiaries of Shenzhen Fantasia Colour. Property operation services provided include property management services, building equipment installation, maintenance and repair services and information network services. In addition to servicing properties developed by us, our Group’s property

operation services are also provided to properties of other developers. As of September 30, 2009, there are over 2,000 employees for our property operation business.

Shenzhen Fantasia Colour and each of its operating subsidiaries have received the relevant certifications and qualifications to provide the respective property operation services.

Property Management Services

Property management services are primarily provided by our subsidiary, Shenzhen Fantasia Management. Shenzhen Fantasia Management was awarded as one of the Top Ten Property Management Companies in China for Customer Satisfaction in 2007 (2007年度中國十大業主最滿意物業管理企業) by the Real Estate Market Experts Committee of the China Real Estate Association (中國房地產協會房地產市場專業委員會) and one of the Top Ten Property Management Brands in Shenzhen (深圳物管十大品牌) in 2008 jointly presented by Shenzhen Special Zone Daily (深圳特區報), Hong Kong Commercial Daily (香港商報) and Sunshine Daily (晶報). We also acquired Shenzhen Liantang Management, a company that is engaged in the provision of property management services, in September 2008.

We currently provide property management services to all of the properties developed by us, except for Shenzhen Endless Blue (深圳碧雲天), which is managed by Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). We also provide property management services to properties developed by other developers. We aim to provide the properties that we manage with a comprehensive property management services that range from security services, general maintenance of properties and facilities, gardening and other property management services. We also coordinate with the developers, including our property development project companies, to collect customer feedbacks and address concerns the customers may have as to the development. We typically provides services to other developers under our own brand name.

The typical property management contracts entered into between us and the owners of the properties, including the properties developed by our Group, set out the scope and the quality requirements of the services provided and the management fee arrangements. Fees are typically fixed at a pre-determined rate within the price range determined by the relevant local authorities that may not be increased without the prior consent of a majority of the owners of the properties. In addition, the contracts also typically allow us to subcontract some of the services, such as security or cleaning services, to third parties. However, under PRC laws and regulations, the home owners of a residential community of certain scale have the right to change property management companies pursuant to certain procedures. See “Risk Factors — Risks Relating to Our Business — Property owners may terminate our engagement as the provider of property management services.” As of the Latest Practicable Date, we have not been terminated from any of the properties that we manage.

In addition to providing conventional property management services, we also provide the owners of certain of the properties developed by our Group with daily house-keeping, travel arrangements and other fee-based services that are similar to those offered in hotels.

As we have gained our reputation for providing high quality property management services, other property management companies have retained us to help them improve the property management services they provide to their clients. We receive a consulting fee in return for the advisory services we provide to such third party property management companies.

OUR BUSINESS

The following table sets forth the total GFA managed by us and total GFA to which we provided advisory services as of the dates indicated:

	As of December 31,			As of
	2006	2007	2008	June 30, 2009
	(in thousands of square meters)			
GFA under management	1,591	4,871	6,374	6,760
GFA to which advisory services are provided	94	673	2,736	3,099
Total	1,685	5,544	9,110	9,859

As of June 30, 2009, of the total GFA under management by us, approximately 1.0 million square meters, or 15.3%, were properties developed by us and approximately 5.7 million square meters, or 84.7%, were properties developed by Independent Third Parties. All GFA to which we provide advisory services were properties developed by Independent Third Parties.

In addition, as of June 30, 2009, we entered into contractual arrangements for the management of additional properties with a total GFA of approximately 3,384,432 square meters and for the provision of advisory services to additional properties with a total GFA of approximately 598,717 square meters.

Building Equipment Installation, Maintenance and Repair Services

In October 2006, Shenzhen Fantasia Colour acquired 100% equity interest in Shenzhen Kaiyuan, a company with qualifications to engage in the installation, repair and maintenance of building equipment. Shenzhen Kaiyuan currently installs, repairs and maintains certain building equipment of the properties that are managed by us as well as properties developed or managed by others, including China Vanke Co., Ltd. (萬科企業股份有限公司). By having an in-house team of experts who are able to install, repair and maintain building equipment, we believe we are better able to respond to customers' property servicing need, reduce building equipment downtime and control installation, maintenance and servicing costs. In addition, by having our own team of experts in providing building equipment installation, maintenance and repair services, we believe we are also better able to control the image and reputation of our properties by being able to respond quickly to repair and maintenance servicing needs as well as strengthen the management services provided by us. Shenzhen Kaiyuan will continue to enhance its expertise and capabilities by servicing more properties as well as by hiring additional personnel when appropriate.

Information Network Services

In order to provide a broader range of property operation services, Shenzhen Fantasia Colour established a wholly owned subsidiary, Shenzhen Colour Life Network, in June 2007 aimed to connect residents or tenants of properties managed by Shenzhen Fantasia Management with third party vendors through an internally developed internet information platform that provides a variety of value-added services. Such value-added services currently include online ordering for household products, which provide convenience and reduce the costs of household purchases for the residents and tenants due to bulk orders. In addition, we believe such information platform also enhances the communications between residents or tenants with the property manager. Shenzhen Colour Life Network aims to continue to improve its information platform and offer additional services such as online payment options or customizable online service orders, as well as integrating its information platform with Xingyan Property Consultancy's own secondary property brokerage information database to provide real estate market information, thereby connecting the large customer base of Shenzhen Fantasia Management with Xingyan Property Consultancy's secondary property brokerage services. We believe such large audiences that our information platform reaches will also attract third party vendors to work with Shenzhen Colour Life Network to provide other additional services that will further enhance our offering. Shenzhen Colour Life Network generates revenue through the collection of fees and commissions from vendors that use our information network to offer their products or services.

OUR PROPERTY AGENCY BUSINESS

Overview

Our Group provides dedicated property agency services through our subsidiary Xingyan Property Consultancy in which we owned 85% equity interest, with the remaining equity interests owned by Lu Ying (路莹), the general manager and a director of Xingyan Property Consultancy. Xingyan Property Consultancy offers three principal types of services, (i) primary property agency services that engage in the selling of properties that we develop as well as properties developed by others, (ii) secondary property brokerage services and (iii) property consulting and advisory services. As of September 30, 2009, Xingyan Property Consultancy had over 410 employees with offices in Chengdu, Shenzhen, Dongguan, Huizhou and three other cities in Hebei, Henan and Anhui provinces in China.

Xingyan Property Consultancy has established a research and development center in January 2008 that focuses on real estate market and policy research, establishing property development project operational and technical standards, the development and improvement of system applications for real estate companies and to support and enhance the services provided by Xingyan Property Consultancy. We believe that this research and development center provides Xingyan Property Consultancy with a more systematic and in-depth research and development capability than its competitors as well as better equipped to identify changes in market conditions. We believe such advantages enhance Xingyan Property Consultancy's ability to provide services to its customers as well as increase the reliability of the information and analysis that are available to our property development business.

Xingyan Property Consultancy and its operating subsidiary, Shenzhen Xingyanhang, have received the relevant registration certificate for real estate agencies by the relevant local authority. As a sales agent for property developers, the main responsibility of Xingyan Property Consultancy is to utilize a range of measures to act as intermediary between property developer and property purchasers in reaching agreements over the purchase of properties. Xinyang Property Consultancy does not assume any legal liability or obligation in respect of the sale or purchase of properties. If there is any dispute relating to delays in a transaction or the quality of the sold properties, all legal liability and/or obligations arising from such disputes are between the property developers and the purchasers.

Primary Property Agency Services

Xingyan Property Consultancy's principal business has traditionally been, and we expect will continue in the foreseeable future to be, the marketing and selling of properties that the Group develops as well as properties developed by others. The following table sets forth the total GFA and value of properties sold for the periods indicated:

	<u>Year Ended December 31,</u>			<u>Six Months</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Ended June 30,</u> <u>2009</u>
GFA of new properties sold (thousands of square meters):				
Our properties	218	223	114	118
Properties of other developers	733	1,123	266	330
Total	<u>951</u>	<u>1,346</u>	<u>380</u>	<u>448</u>
Value of new properties sold (in RMB thousands):				
Our properties	753,024	1,107,218	1,149,042	775,249
Properties of other developers	4,708,473	7,064,022	1,786,448	2,314,943
Total	<u>5,461,497</u>	<u>8,171,240</u>	<u>2,935,490</u>	<u>3,090,192</u>

Xingyan Property Consultancy usually commences services by preparing a customized marketing plan for the project. Xingyan Property Consultancy typically works closely with developers from an

early stage to develop a signature identity that is distinctive to a project and to position the project and establish awareness of the project among prospective purchasers in the primary market. Xingyan Property Consultancy collects profiles of typical buyers and selects advertising companies to design the marketing materials and marketing venues based on the profiles. Marketing efforts cover the print media, television, internet, billboards at public spaces, housing exhibits and entertainment events. Certain marketing efforts are carried out by the sales personnel of Xingyan Property Consultancy, while other marketing efforts are recommended to the developers and executed by the developers. For discussion as to the sales and marketing of our property development projects, see “— Property Development — Pre-sale, Sales and Marketing.”

Once a development project is ready to enter the sales phase, Xingyan Property Consultancy establishes functional sales offices on-site for each development project. Xingyan Property Consultancy stations sales personnel specially trained for the project at the project site until most of the units are sold. Xingyan Property Consultancy’s sales personnel provide prospective buyers with a presentation of the architectural, design and construction aspects of the project as well as provide information on the surrounding community and amenities, recommend appropriate units based on their purchase criteria and accompany the prospective buyers to tour the units and the project amenities. Xingyan Property Consultancy’s sales personnel also pursue sales leads and provide further assistance to interested buyers. Xingyan Property Consultancy continuously monitors the inventory level of unsold units as well as customer feedbacks to enable the sales personnel and developers to adjust strategies for the sales of unsold units as well as the construction and sale of the units to be built.

Contracts between Xingyan Property Consultancy and developers usually specify the sales period, the minimum average sales price and the sales commissions. Typically, Xingyan Property Consultancy receives a fixed or progressive percentage as a commission based on total sales amount. Some contracts also provide for bonus commissions for sales achieved above the pre-determined levels. The contracts entered into with our Group’s project companies are similar in terms and conditions to those entered into with other developers.

Secondary Property Brokerage Services

Xingyan Property Consultancy’s secondary property brokerage services include offering advisory services on choices of properties, accompanying potential buyers and tenants on house viewing trips, negotiating price and other terms, providing preliminary proof of title, coordinating with the notary, the bank and the title transfer agency. In addition to selling properties in the secondary real estate market, our brokerage storefronts also support Xingyan Property Consultancy’s sales effort in the primary property agency services market primarily by promoting and selling any remaining unsold units of certain primary real estate projects. This not only generates additional transactions and revenues for Xingyan Property Consultancy’s secondary property brokerage business but also enhances the primary real estate agency services offered to its clients.

Under applicable PRC law, we are permitted to represent both the seller and the purchaser and are entitled to receive up to 1.5% of the transaction value as sales commission from each side in a secondary real estate sales transaction. We typically represent both the seller and the purchaser in our secondary real estate sales transactions in accordance with customary practice in China. For rental units, we typically charge a one-time commission that is equal to 100% of the contracted monthly rent.

Property Consulting and Advisory Services

Xingyan Property Consultancy provides property consulting and advisory services tailored to meet the needs of third party developers at various stages of the project development and sales process. Consulting and advisory services are generally offered for a fixed and pre-negotiated fee which is recognized when the obligations under the relevant service contracts are fulfilled. These obligations typically involve providing clients with the results of studies or other deliverables as agreed in the service contracts.

OUR HOTEL SERVICES BUSINESS

We are developing boutique hotels within several projects that we are developing, including Chengdu Hailrun Plaza (成都喜年廣場), Meinian International Plaza (美年國際廣場), Chengdu Mont Conquerant (成都君山) and Town on the Water (雲海間). We plan to convert part of the No. 3 Factory Building in Shenzhen Meinian Plaza (深圳美年廣場) into a hotel. As we intend to retain these hotels after their completion, we have established Shenzhen Fantasia Hotel Management, a wholly owned subsidiary of Fantasia Group (China), Shenzhen Caiyue Hotel Management, a wholly owned subsidiary of Shenzhen Fantasia Colour, and Shenzhen Caiyue Hotel, a wholly owned subsidiary of Shenzhen Caiyue Hotel Management, to engage in the hotel management and operation business.

Shenzhen Caiyue Hotel Management and Shenzhen Caiyue Hotel have been managing and operating Colorful Inn (彩悅酒店) since December 2008, which is an economy hotel with 110 guest rooms located in Shenzhen. We lease the building for the hotel from an Independent Third Party. As of the Latest Practicable Date, Shenzhen Fantasia Hotel Management is involved in the design of boutique hotels being developed by us, but had not yet started its hotel management business.

We have entered into agreements relating to the operation and management of the boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場). In October 2007, Chengdu Tonghe entered into a supporting and consulting services agreement with C.T.E.W. in which C.T.E.W. will provide consulting and technical support services relating to our boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場). C.T.E.W. agrees to establish a dedicated working group to provide services such as advising on architectural and interior designs, supervising decoration, and recommending the procurement of furniture, tableware and other hotel necessities. C.T.E.W. also agrees to provide professional consulting services relating to human resource recruitment and management, employee training, and the operation of an internal financial system for the daily management of a hospitality business. C.T.E.W. will in return receive a consulting fee, which is a fixed sum payable by us in three installments as specified in the services agreement. Chengdu Tonghe has also entered into a hospitality management contract in October 2007 with Rhombus, a subsidiary of C.T.E.W., relating to the daily operation of the boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場). Rhombus currently operates several hotels in Hong Kong and North America, including the boutique hotel Hotel LKF in Hong Kong. The hospitality management contract is for a term of 10 years and Rhombus will operate our boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場) and provide high quality hotel management services. We believe that by partnering with Rhombus, we will be able to benefit from their hotel operation experience, their reputation, marketing services, reservation systems and employee training programs and improve the hotel services to be provided by our subsidiaries in the future.

AWARDS AND CERTIFICATES

Set forth below is a summary of the key awards and certificates of our Group or our property developments since 2003:

<u>Year of Grant</u>	<u>Awards</u>	<u>Awarding Organization</u>
2003	Superior Quality Project Award (深圳市優質工程獎) for Hailrun Complex (喜年中心) in Shenzhen	Shenzhen Construction Industry Association (深圳市建築業協會)
	Shenzhen High Quality Structural Engineering Prize in 2003 (2003下半年度深圳市優質結構工程獎) for Self Life (趣園) in Shenzhen	Shenzhen Construction Industry Association (深圳市建築業協會)
2004	Top Ten Gold Medal Champion Properties (十大金牌冠軍樓盤) for Shenzhen My Place project (深圳花好園) in Shenzhen	Chinese Olympic Committee (Shenzhen) News Center (中國奧委會(深圳)新聞中心)
	Top Ten Original Design Properties in Shenzhen (中國深圳十大創新設計樓盤) for Shenzhen My Place project (深圳花好園) in Shenzhen	International Think Tank Forum Organization Committee (全球腦庫論壇組委會)
	Top Ten Leisure and Health Community (十大健康休閒社區) for Shenzhen My Place project (深圳花好園) in Shenzhen	China Architectural Culture Center under the MOC (建設部中國文化中心)
2005	Golden Bull Prize in 2005 (2005年度金牛獎) for Self Life (趣園) in Shenzhen	Shenzhen Construction Industry Association (深圳市建築業協會)
	China's Real Estate Agency of the Year (中國房地產仲介代理年度大獎) for Xingyan Property Consultancy	China International Real Estate & Archi-tech Fairs Organization Committee (中國住交會組委會)
	Top Ten Most Influential and Reliable Real Estate Agency Brand in Shenzhen (深圳地產最具影響力的十大誠信仲介品牌) for Xingyan Property Consultancy	Shenzhen Special Zone Daily (深圳特區報)
2006	Property of the Year for the Golden Hibiscus Prize in Chengdu in 2006 (2006金芙蓉杯成都年度樓盤金獎) for Chengdu Love Forever (成都花郡)	Chengdu Real Estate Bureau (成都市房地產管理局)
	Top 20 Property Sales Enterprises in Chengdu in 2006 (2006成都商品房銷售企業20強) for Fantasia Chengdu Development	Chengdu Real Estate Bureau (成都市房產管理局)
2007	Annual Most Competitive Real Estate Company in Chengdu in 2007 (2007成都地產年度競爭力企業) for Fantasia Chengdu Development	Chengdu Real Estate Bureau (成都市房產管理局)
	Top 50 Real Estate Company in Western China (Sichuan) Ranking in 2007 (2007中國華西TOP50四川房地產綜合實力排行榜) for Chengdu Tonghe	Sichuan Daily Press Group (四川日報報業集團)
	Top Ten Property Management Companies in China for Customer Satisfaction in 2007 (2007年度中國十大業主最滿意物業管理企業) for Shenzhen Fantasia Management	Real Estate Market Experts Committee of the China Real Estate Association (中國房地產協會房地產專業委員會)

OUR BUSINESS

Year of Grant	Awards	Awarding Organization
2008	2008 China Top 100 Property Management Companies (2008中國物業服務百強企業) for Shenzhen Fantasia Management	China Real Estate Top 10 Research Team (中國房地產Top10研究組)
	2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) for Shenzhen Future Plaza (深圳香年廣場) in Shenzhen	Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and 21st Century Economy Review (21世紀經濟報導)
	Shenzhen Innovative Space Design Award (深圳創新空間設計獎) for Shenzhen Future Plaza (深圳香年廣場) in Shenzhen	Shenzhen Economic Daily (深圳商報) and Hong Kong Commercial Daily (香港商報)
	Model Property for the Rediscovery of City Center in Chengdu in 2008 (2008成都城市地理再發現中心城代言樓盤) for Chengdu Love Forever (成都花郡)	Chengdu Business Daily (成都商報)
	Model Property for High Quality Living Environment in Chengdu in 2008 (2008成都優居示範樓盤) for Fantasia Town (花樣城)	Chengdu Real Estate Bureau (成都市房地產管理局)
	Ginkgo Prize as the Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008年成都最具行業推動力寫字樓大獎) for Chengdu Hailrun Plaza (成都喜年廣場)	Chengdu Television Station (成都電視臺)
	Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) for Chengdu Hailrun Plaza (成都喜年廣場)	Chengdu Media Group (成都傳媒集團)
	2008 Corporate Citizen Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度中國地產企業公民大獎) for Fantasia Group (China)	Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and 21st Century Economy Review (21世紀經濟報導)
	Real Estate Corporate of the Year for the Golden Hibiscus Prize in Chengdu in 2008 (2008金芙蓉杯成都地產年度企業金獎) for Fantasia Chengdu Development	Chengdu Real Estate Bureau (成都市房地產管理局) and Sichuan Daily Press Group (四川日報報業集團)
	Top 50 Non-local Real Estate Company in Western China (Sichuan) Ranking in 2008 (華西TOP50強2008四川房地產綜合實力排行榜外來企業) for Fantasia Chengdu Development	Sichuan Daily Press Group (四川日報報業集團)
Top Ten Property Management Brands in Shenzhen (深圳物管十大品牌) in 2008 for Shenzhen Fantasia Management	Shenzhen Special Zone Daily (深圳特區報), Hong Kong Commercial Daily (香港商報) and Sunshine Daily (晶報)	
2009	2009 China Top 100 Real Estate Developers (2009中國房地產百強企業) for Fantasia Group (China)	China Real Estate Top 10 Research Team (中國房地產Top10研究組)
	2009 China Top 100 Real Estate Agencies (2009中國房地產策劃代理百強企業) for Xingyan Property Consultancy	China Real Estate Top 10 Research Team (中國房地產Top10研究組)
	Most Anticipated Property in Chengdu in 2009 (成都地產2009值得期待樓盤) for Chengdu Hailrun Plaza (成都喜年廣場)	Sichuan Daily Press Group (四川日報報業集團)

PROPERTIES USED OR OCCUPIED BY US

Our corporate headquarters are located on the 4th, 27th and 28th floor of Block A, Hailrun Complex, #6021 Shennan Boulevard, Shenzhen 518040, with a GFA of approximately 4,080 square meters. Such property is owned by Shenzhen Fantasia Investment, a project company in which we own 52% equity interest. In addition, we currently own and lease a number of other properties that are used as our offices.

We acquired the No. 3 Factory Building located at No. 3, Pengji Longdian Industrial City, Shekou Industrial Avenue, Nanshan District, Shenzhen, Guangdong Province from Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司), an Independent Third Party, in July 2009. The No. 3 Factory Building occupies a site area of approximately 3,123 square meters and has a total GFA of approximately 12,571 square meters. The land use rights for the No. 3 Factory Building were granted for industrial purposes. We plan to convert the No. 3 Factory Building into a hotel and other ancillary facilities to service the Incubation Park in our Shenzhen Meinian Plaza (深圳美年廣場) after obtaining all necessary governmental approvals.

As of the Latest Practicable Date, properties owned and used by us have an aggregate GFA of approximately 16,652 square meters. We have obtained the relevant land use rights certificates in respect of such owned properties. As of September 30, 2009, the properties that we lease have an aggregate GFA of approximately 17,625 square meters, with an aggregate GFA of approximately 17,439 square meters located in the PRC and an aggregate GFA of approximately 186 square meters located in Hong Kong. As of September 30, 2009, we, as lessees, have signed 28 tenancy agreements with the relevant lessors. We lease such properties primarily for offices of the local branches of our subsidiaries and staff dormitories of our employees, which we believe are not crucial to our main business operation. We have completed registration of 8 out of the 28 tenancy agreements as of September 30, 2009 and are in the process of applying for, and/or requesting the relevant lessors to assist in, the registration of the remaining tenancy agreements. As advised by our PRC legal advisor, Commerce & Finance Law Offices, the failure of registering a tenancy agreement would not affect the validity and enforceability of such tenancy agreement under the applicable laws and regulations. In addition, for 16 properties for which the registrations have not been completed yet, our Company has not been provided with the relevant title certificates, and as a result, the validity of the tenancy agreements with respect to such properties is uncertain. We believe that in the event there is any future dispute due to lessor's title defect to the leased property and/or in connection with the validity of the tenancy agreements, we will be able to find alternative premises within a short timeframe and with minimal adverse impact on or disruption to our business operations. For additional information on properties used or occupied by us, see sections entitled "Group I — Property interests held and occupied by the Group in the PRC", "Group VII — Property interests rented and occupied by the Group in the PRC" and "Group VIII — Property interest rented and occupied by the Group in Hong Kong" in "Appendix IV — Property Valuation" to this prospectus.

INTELLECTUAL PROPERTY

We place significant emphasis on developing our brand image and resort to extensive trademark registrations to protect all aspects of our brand image. We have registered in the PRC the trademarks of "花樣年" and "花樣年 FANTASIA" to protect our corporate name in Chinese and English. We have also registered the "花樣年" trademark in Hong Kong and have applied for the registration of the "花樣年 FANTASIA" trademark in Hong Kong. In addition, we have registered trademarks and trademark registration applications in Hong Kong and the PRC that cover the names of our important subsidiaries and property development projects and services. For additional information, see the section entitled "Intellectual Property" in the "Appendix VIII — Statutory and General Information" to this prospectus.

We have also registered the domain name of www.cnfantasia.com for the website of our Group on the Internet.

COMPETITION

There are many property developers that undertake property development projects in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region and elsewhere in the PRC. Our major competitors include large national and regional property developers, including local property developers that focus on one or more of the regions in which we operate. We endeavour to further strengthen our leading position in these regions. Our competitors, however, may have a better track record, greater financial, marketing and land resources, broader name recognition and greater economies of scale than us in the regions where we operate.

We also face competition for our real estate services businesses from other real estate service providers in China as well as certain international real estate service providers. The competition in the real estate services businesses is rapidly evolving, highly fragmented and competitive and our competitors and competitive factors differ depending on the type of services provided and the geographic market in which we provide such services. Compared to property development, real estate services businesses require a smaller commitment of capital resources and have a relatively lower barrier of entry. Our competitors may have more experience and resources than us.

For more information on competition, see “Risk Factors — Risks Relating to Our Business — We face intense competition as to our property development business, property operation services business, property agency services business and hotel services business.”

INSURANCE

We do not maintain insurance policies for properties that we have delivered to our customers, nor do we maintain insurance coverage against potential losses or damages with respect to our properties before their delivery to customers. In addition, our contractors typically do not maintain insurance coverage on our properties under construction. Based on industry practice in the PRC, we believe that third party contractors should bear liabilities from tortious acts or other personal injuries on our project sites, and we do not maintain insurance coverage against such liabilities. The construction companies, however, are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have established a set of standards and specifications to be complied with during the construction process. Furthermore, we engage qualified supervision companies to oversee the construction process. Under PRC laws, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that he/she is not at fault. Since we have taken the above steps to prevent construction accidents and personal injuries, we believe that we would generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us. To date, we have not experienced any material destruction of or damage to our property developments nor have any material personal injury-related claims been brought against us.

Our Directors believe our practice with respect to insurance are sufficient and in line with the industry practice in the PRC. However, there are risks that we may not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. See “Risk Factors — Risks Relating to Our Business — We may suffer losses arising from uninsured risks.”

ENVIRONMENTAL MATTERS

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. As required by PRC laws and regulations, each project developed by a property developer is required to undergo an environmental impact assessment, and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. When there is a material change in

respect of the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. During the course of construction, the property developer must take measures to prevent air pollution, noise emissions and water and waste discharge. In addition, as we contract our construction works to independent third party contractors and pursuant to the terms of the construction contracts, the contractors and subcontractors are required to comply with the environmental impact assessment and the conditions of the subsequent approval granted by the relevant government authority. During construction, our project directors and project management teams will supervise the implementation of the environmental protection measures.

In addition, PRC environmental laws and regulations provide that if a construction project includes environmental facilities (including engineering projects, devices, monitors and other facilities that were constructed or equipped in order to prevent pollution and protect the environment), such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operations. If a construction project does not include any environmental facilities, no such approval is required. Our business is of such a nature that we are not required to construct environmental facilities and, therefore no approval in respect of environmental facilities from the environmental authorities is necessary.

We believe that our operations are in compliance with currently applicable national and local environmental and safety laws and regulations in all material respects. See “Risk Factors — Risks Relating to Our Business — We are subject to potential environmental liability that could result in substantial costs.”

HEALTH AND SAFETY MATTERS

Under PRC laws and regulations, we, as a property developer, have very limited potential liabilities to the workers on and visitors to our construction sites, most of which rest with our contractors. Under the Construction Law of the People’s Republic of China (中華人民共和國建築法), the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor. Under the Environmental and Hygienic Standards of Construction Work Site (建築工地現場環境和衛生標準), a contractor is required to adopt effective occupational injuries control measures, to provide workers with necessary protective devices, and to offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries. To our knowledge, there has been no material non-compliance with the health and safety laws and regulations by our contractors or subcontractors during the course of their business dealings with the Group. During the earthquake that struck Sichuan province in China in May 2008, neither our Group nor our contractors suffered any loss of lives or injury to our respective employees as a result of the earthquake.

In addition, our project directors and project management teams will engage in a weekly safety inspection to ensure the safety of the work environment of our construction sites.

LEGAL PROCEEDINGS

From time to time we are involved in legal proceedings or disputes in the ordinary course of business including claims relating to our guarantees for mortgage loans provided to our purchasers, contract disputes with our purchasers and suppliers and employment disputes.

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 current property manager of the Shenzhen Endless Blue (深圳碧雲天) project, 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. At the time Shenzhen Fantasia Investment sold property rights in Shenzhen Endless Blue (深圳碧雲天), it entered into agreements with the property owners of Shenzhen Endless Blue (深圳碧雲天), according to which the ownership rights of, and the rights to use, lease and derive income from, the car park and all the car parking spaces at Shenzhen Endless Blue (深圳碧雲天) vest in our Group. Beginning in May 1998, our Group authorized Zhonghai Property Management (Shenzhen) Co., Ltd. (中海物業管理(深圳)有限公司), property manager of Shenzhen Endless Blue (深圳碧雲天) at the time, to operate and manage the car park on our behalf. In December 2006, Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) replaced Zhonghai Property Management (Shenzhen) Co., Ltd. (中海物業管理(深圳)有限公司) as the property manager of Shenzhen Endless Blue (深圳碧雲天). As our authorization to Zhonghai Property Management (Shenzhen) Co., Ltd. (中海物業管理(深圳)有限公司) expired at the same time, the operation and management of the car park reverted to our Group. However, without receiving any authorization from us and without the approval of the local government, Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) occupied the car park and proceeded to collect parking fees. 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, representing 70% of all revenues collected from the contended car parking spaces during the period December 1, 2006 to April 30, 2008, plus interest to Shenzhen Fantasia Investment. The court determined that the remaining 30% of revenues represent the cost of management fees for the period and that such amount should be retained by Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). 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), representing the total amount of lost revenue for the car parking spaces for the relevant period as well as other costs that have accrued to us as a result of the dispute. While the court has granted our application to freeze RMB845,196 in the bank accounts 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 the Intermediate People's Court of Shenzhen. The total amount claimed by us in respect of the two separate claims is RMB1,601,360, which is comprised of RMB756,164 for lost revenue for the period from December 1, 2006 to April 30, 2008 and RMB845,196 for lost revenue and other expenses for the period from May 1, 2008 to November 30, 2009.

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 for all our interests in our parking spaces in Shenzhen. 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. For additional information as to our Shenzhen Endless Blue (深圳碧雲天) project, see “— Our Property Development Projects — Pearl River Delta Region — Shenzhen — Shenzhen Endless Blue (深圳碧雲天).” We have since the development of Shenzhen Endless Blue (深圳碧雲天) managed all of the other car parking spaces in our projects through the subsidiaries of Shenzhen Fantasia Colour, a subsidiary of our Group in which we own 70% equity interest. As a result, we do not believe any of our other car parking spaces will be illegally occupied in the future.

Except for the foregoing, we are not aware of any other material legal proceedings, claims or disputes currently existing or pending against us. However, we cannot assure you that other material legal proceedings, claims or disputes will not arise in the future. See “Risk Factors — Risks Relating to Our Business — 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.”