SUMMARY

OVERVIEW

We are one of the few integrated property developers in China well recognized for its leadership position in the development of centrally located high-end commercial properties and mid-to-high-end residential properties in the top tier cities. Leveraging on our core competency in our dual-focused approach, we are well positioned to pursue a vigorous growth strategy that maximizes our profitability.

As of June 30, 2009, we were the largest non-government developer of commercial properties, including Grade A office buildings, in the Shenzhen CBD, with a total GFA of 831,081 square meters of commercial properties either completed or under development. We have a substantial land bank for office properties under development and further land parcels which we expect to acquire in the Shenzhen CBD, which (based on information currently available to us) is expected to account for a major proportion of the expected total saleable GFA of office properties in the Shenzhen CBD in the next five years. We continually expand our land bank at competitive costs primarily through non-auction-based channels. Targeting high-growth cities in China with highest GDP and focusing on developing sites located in such cities, we have penetrated seven of the top 10 cities in China ranked in terms of GDP, including Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Chongqing and Qingdao, and have successfully replicated the model of our commercial properties and residential product series in Shenzhen into some of these cities.

While pursuing vigorous growth, our business model has proven to be sustainable, as we have successfully weathered the challenges brought about by the 2008 financial crisis. We believe that such success is attributable to our dual-focused approach to commercial and residential property development. Moreover, the management's decision not to accept structured [●] financing helped insulate us from the undesirable financial impact that may otherwise result in material adverse effect on our financial condition and results of operations. Our diversified product portfolio also contributes to the sustainability of our business model. Such portfolio not only enables our businesses to maintain flexibility within the rapidly growing real estate market in China, but also help us mitigate cyclical risks of the economy.

Our property projects are generally divided into two categories:

- *CBD commercial projects*, typically consisting of a combination of Grade A office buildings, hotels, retail properties and large shopping malls in designated CBDs.

- *Integrated mid-to-high-end residential projects*, including high-rise apartments, low-rise apartments, garden houses, townhouses and villas, and large integrated residential communities with ancillary facilities such as clubhouses, kindergartens, schools and shopping centers as well as commercial arcades.

SUMMARY

As of August 31, 2009, we had a land bank with a total GFA of approximately 11.7 million square meters with a total appraised value of approximately Rmb 44.6 billion. Of this value, a significant portion is represented by commercial properties. Our major commercial projects, comprising Shenzhen Excellence Century Center, Shenzhen Excellence Times Plaza (Phase 2 and remaining portion of Phase 1), Chongqing Excellence Mart (Phases 1 and 2) and Guangzhou Diwang, represent 28.2% of the total value of our appraised properties. After August 31, 2009, we further acquired the Shanghai Chengbang Villa Project, which has contributed an additional GFA of approximately 83,356 square meters to our land bank with an appraised value of approximately Rmb 881.0 million.

Since 2005, we have been expanding our business into other high-growth cities in China with highest GDP beyond the Shenzhen and Neighboring Area. Such cities include Shanghai, Guangzhou, Qingdao, Hangzhou, Chongqing, Wuhan, Changsha and Lianyungang. Most of our projects are located in the central areas of the cities, such as Shenzhen CBD, Houhai central area in Shenzhen Nanshan District (深圳南山后海中心), Guangzhou Zhonghua Plaza commercial circle (廣州中華廣場商圈), Changsha New Municipal Government Center (長沙新市政府中心) and Qingdao CBD.

As of June 30, 2009, we completed development of commercial and residential properties with a total GFA of approximately 1.9 million square meters. As of the same date, we had 14 property projects under development or held for future development in eight cities with an estimated total GFA of approximately 11.3 million square meters, among which approximately 1.3 million square meters were for commercial properties and 8.4 million square meters for residential properties. The remaining estimated GFA of 1.6 million square meters include common facilities, public areas, underground car parks and hotels. In September 2009, we further expanded into Shanghai and acquired the Shanghai Chengbang Villa Project.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue was Rmb 1,369.9 million, Rmb 990.8 million, Rmb 2,149.6 million and Rmb 2,178.7 million, respectively. Our sales of commercial properties accounted for 99.0%, 19.1%, 16.7% and 7.2% of our total revenue from property development and our sales of residential properties accounted for 0.4%, 79.4%, 82.4% and 92.8% of our total revenue from property development during the same periods, respectively. Our net profit attributable to our equity holders for the same periods was Rmb 205.8 million, Rmb 323.7 million, Rmb 184.5 million and Rmb 382.9 million, respectively. We had a gain of Rmb 230.0 million in 2007 from our disposal of a 40% interest in a property project, Shenzhen Central Walk. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our property management services contributed approximately 3.1%, 6.9%, 4.0% and 1.9% of our total revenue, respectively. We also hold certain properties for investment purposes, and the fair value gain on our investment properties contributed approximately 34.4%, 25.7%, 22.1% and 9.2% of our profit for the same respective periods on an after-tax basis.

The decrease in the percentage of the sales of commercial properties in our total revenue from property development during the Track Record Period was primarily due to fluctuations caused by our project construction schedules and the relevant accounting rules governing the recognition of revenue rather than a trend of change in property development focus. For example, our sales and pre-sales of commercial properties of Shenzhen Excellence Century Center constituted approximately 44.2% of our total sales and pre-sales from property development for the six months ended June 30, 2009, but none of these sales and pre-sales had been recognized as of June 30, 2009. We expect that the percentage of the sales of commercial properties will increase in line with the progress of our commercial projects.

OUR COMPETITIVE STRENGTHS

We believe that we possess the following principal strengths which enable us to compete successfully in the PRC property market:

- Our dual-focused business model to provide us greater protection against cyclical risks of the economy and policy risks;
- Our leading position in commercial and residential project development;
- Our sizable land bank acquired at competitive cost in strategic locations;
- Our experienced management team and efficient disciplined internal management system;
- Our high-quality products and distinguished property management services; and
- Our well-recognized brand name and established reputation.

You can find a more detailed discussion of our competitive strengths in the section entitled "Business — Our Competitive Strengths" in this document.

OUR BUSINESS STRATEGIES

Our principal business strategies are:

- Maintain our leading position in the Shenzhen and Neighboring Area;
- Continue to replicate our success to top cities in China ranked by GDP with high growth;
- Continue to strategically increase our land bank in premium locations;
- Continue to maintain adequate liquidity and upgrade our information management system; and
- Continue to maintain an effective organizational structure and enhance employee performance.

You can find a more detailed discussion of our principal business strategies in the section entitled "Business — Our Business Strategies" in this document.

SUMMARY

TRADING RECORD

The total GFA we delivered for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 was 71,301 square meters, 69,909 square meters, 157,407 square meters and 166,071 square meters, respectively. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue was Rmb 1,369.9 million, Rmb 990.8 million, Rmb 2,149.6 million and Rmb 2,178.7 million, respectively, with our sales of commercial properties accounting for 99.0%, 19.1%, 16.7% and 7.2%, respectively, of our total revenue from property development and our sales of residential properties accounting for 0.4%, 79.4%, 82.4% and 92.8%, respectively, of our total revenue from property development during the same periods; and our net profit attributable to our equity holders for the same periods was Rmb 205.8 million, Rmb 323.7 million, Rmb 184.5 million and Rmb 382.9 million, respectively.

Due to the cyclical nature of the real estate industry, the interim fluctuations of our operating results caused by the timing of our property development and revenue recognition, unpredictable impact of government regulations governing the property market and other factors beyond our control, our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future. Therefore, our operating results may not be directly comparable from period to period, and our past performance may not be a reliable indicator of our future results.

The following tables summarize our consolidated financial information as of, and for the years ended December 31, 2006, 2007 and 2008 and as of, and for the six months ended, June 30, 2008 and 2009, respectively. We extracted this summary financial information from the accountant's report in Appendix IA to this document and you should read the entire financial information, including the notes, included in Appendix IA to this document for more details.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
							(unaudited)			
	(Rmb in millions, except percentage data)									
Revenue	1,369.9	100.0%	990.8	100.0%	2,149.6	100.0%	745.0	100.0%	2,178.7	100.0%
Cost of sales	(871.5)	(63.6)	(590.0)	(59.5)	(1,132.2)	(52.7)	(393.7)	(52.8)	(1,198.5)	(55.0)
Gross profit	498.4	36.4	400.8	40.5	1,017.4	47.3	351.4	47.2	980.1	45.0
Other income	19.7	1.4	1.4	0.1	3.6	0.2	1.0	0.1	1.2	0.1
Other gains — net[1]	72.8	5.3	317.5[2]	32.0	60.9	2.8	59.4	8.0	35.5	1.6
Selling and marketing costs	(58.9)	(4.3)	(58.6)	(5.9)	(109.8)	(5.1)	(50.8)	(6.8)	(57.0)	(2.6)
Administrative expenses	(82.2)	(6.0)	(112.7)	(11.4)	(157.8)	(7.3)	(88.9)	(11.9)	(76.2)	(3.5)
Operating profit	449.8	32.8	548.3	55.3	814.3	37.9	272.0	36.5	883.7	40.6
Finance income	18.0	1.3	9.9	1.0	9.0	0.4	5.6	0.8	8.7	0.4
Finance costs	(78.3)	(5.7)	(124.2)	(12.5)	(227.0)	(10.6)	(125.3)	(16.8)	(106.8)	(4.9)
Finance costs — net	(60.3)	(4.4)	(114.3)	(11.5)	(218.0)	(10.1)	(119.7)	(16.1)	(98.0)	(4.5)
Share of loss of jointly controlled entities	—	—	—	—	—	—	—	—	(2.7)	(0.1)
Share of loss of an assocate	—	—	—	—	—	—	—	—	—	—
Profit before income tax	389.4	28.4	434.0	43.8	596.3	27.7	152.3	20.4	783.0	35.9
Income tax expenses	(188.3)	(13.7)	(111.9)	(11.3)	(411.0)	(19.1)	(127.4)	(17.1)	(400.6)	(18.4)
Profit for the year/period	201.2	14.7	322.1	32.5	185.3	8.6	24.8	3.3	382.4	17.6
Profit/(loss) attributable to:										
Equity owners of our company	205.8	15.0	323.7	32.7	184.5	8.6	25.4	3.4	382.9	17.6
Minority interests	(4.6)	(0.3)	(1.6)	(0.2)	0.9	0.0	(0.6)	(0.1)	(0.5)	(0.0)
	201.2	14.7%	322.1	32.5%	185.3	8.6%	24.8	3.3%	382.4	17.6%
Dividends[3]	—	—	—	—	—	—	—	—	—	—

(1) Other gains − net included fair value gains on investment properties of Rmb 69.2 million, Rmb 82.6 million, Rmb 41.0 million, Rmb 41.0 million and Rmb 35.0 million for the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2008 and 2009, respectively. These fair value gains were unrealized.

(2) Other gains - net for 2007 included a one-off gain of Rmb 230.0 million from the disposal of our interest in a project known as Shenzhen Century Walk. We acquired a minority interest in this project in 2004 and participated in its development. In 2007, we disposed of our interest in Shenzhen Century Walk. Investment and disposal of equity interest in property development projects are a part of our ordinary course of business.

(3) We did not pay or declare any dividend during the Track Record Period. On October 17, 2009, we declared a special dividend of Rmb 400 million to our existing shareholders as of that date, being Sparkle Century and Broad Ocean. Before the completion of the [●], such special dividend will be fully settled out of our internally generated cash flow. Based on the estimated net proceeds from the [●], our cash on hand and available banking facilities, and our future cash flows from operations, and taking into account the distribution of this special dividend of Rmb 400 million, we are of the opinion that we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

Summary Consolidated Balance Sheets Data

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(Rmb in millions)			
ASSETS				
Non-current assets				
Property, plant and equipment	30.4	36.4	34.4	30.2
Investment properties	572.5	665.0	706.0	741.0
Land use rights	771.4	1,186.9	1,320.9	1,312.5
Intangible assets	37.6	38.4	46.3	46.3
Investment in jointly controlled entities	—	—	65.2	62.5
Available-for-sale financial assets	322.7	—	—	—
Deferred income tax assets	34.0	54.5	82.5	79.7
Other receivables[1]	—	—	—	300.0
	1,768.6	1,981.2	2,255.3	2,572.2
Current assets				
Land use rights	445.3	1,276.2	1,947.5	1,820.7
Properties under development[2]	255.5	616.9	1,770.7	1,938.5
Completed properties held for sale[3]	550.0	750.8	1,933.0	1,517.1
Trade and other receivables	1,776.1	2,280.2	2,062.6	2,794.7
Prepaid taxation	60.4	38.9	77.5	124.9
Financial assets at fair value through profit or loss	2.3	—	—	—
Restricted cash	49.9	28.1	387.7	400.6
Cash and cash equivalents	1,159.8	1,261.7	621.4	1,642.9
	4,299.4	6,252.7	8,800.4	10,239.3
Total assets	6,068.0	8,233.8	11,055.6	12,811.4
EQUITY				
Capital and reserves attributable to equity owners of the company				
Share capital	6.5	6.9	6.9	6.9
Reserves	1,021.1	1,098.0	1,262.8	1,645.7
Minority interests	227.3	180.1	164.6	164.1
Total equity	1,254.9	1,284.9	1,434.2	1,816.7

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(Rmb in millions)			
LIABILITIES				
Non-current liabilities				
Borrowings	1,733.0	3,165.0	3,584.5	3,985.8
Deferred income tax liabilities	215.5	240.5	261.0	288.3
	1,948.5	3,405.5	3,845.5	4,274.2
Current liabilities				
Advance proceeds received from customers	598.5	558.1	1,217.7	1,725.1
Trade and other payables	1,137.5	711.4	1,755.3	1,764.0
Current income tax liabilities	238.6	296.0	646.9	941.2
Borrowings	890.0	1,977.9	2,135.9	2,290.3
	2,864.6	3,543.4	5,775.9	6,720.6
Total liabilities	4,813.1	6,948.9	9,621.4	10,994.8
Total equity and liabilities	6,068.0	8,233.8	11,055.6	12,811.4
Net current assets	1,434.8	2,709.3	3,024.5	3,518.7
Total assets less current liabilities	3,203.4	4,690.4	5,279.8	6,090.8

(1) The other receivables in the amount of Rmb 300.0 million represented an advance we made to a minority shareholder of our 51%-owned subsidiary. For more details, please see note 14(c) in the accountant's report set out in Appendix IA to this document and the section entitled "Business — Other Land-related Contractual Arrangements — Shenzhen Gangxia Project" in this document.

(2) The balance of properties under development included interest capitalized amounting to Rmb 25.7 million, Rmb 53.6 million, Rmb 133.6 million and Rmb 141.9 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively, which were to be charged to the income statement upon sale of the relevant properties.

(3) The balance of completed properties held for sale included interest capitalized amounting to Rmb 7.2 million, Rmb 18.3 million, Rmb 107.2 million and Rmb 80.6 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, which were to be charged to the income statement upon sale of the relevant properties.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

We have prepared the following profit forecast for the year ending December 31, 2009 on the bases and assumptions described in Appendix III to this document. You should read the bases and assumptions in Appendix III when analyzing our profit forecast for the year ending December 31, 2009.

Forecasted consolidated profit attributable to our equity holders (net of fair value gains on investment properties, net of deferred tax effect)	Not less than Rmb 597.3 million
Forecasted gross fair value gains on investment properties	Rmb 35.0 million
Less: Provision for deferred tax liabilities on fair value gains on investment properties	Rmb (8.8 million)
Forecasted fair value gains on investment properties (net of deferred tax)	Rmb 26.2 million
Forecasted consolidated profit attributable to our equity holders	Not less than Rmb 623.5 million

Summary of Property Projects Contributing to Our Revenue in 2009

The following table provides a summary of the property projects up to August 31, 2009 that are expected to contribute to our revenue in 2009:

Projects or project phases/parts delivered or to be delivered in 2009	As of August 31, 2009: Contract sales recognized or to be recognized in 2009	As of August 31, 2009: GFA sold or pre-sold and delivered or to be delivered in 2009	As of August 31, 2009: Average selling prices for properties sold or pre-sold and delivered or to be delivered in 2009	Actual or expected completion date
	(Rmb in millions)	*(m^2)*	*(Rmb)*	
Shenzhen Repulse Bay	51	2,448	20,821	Apr 07
Shenzhen Excellence Times Plaza (Phase 1)	138	4,070	33,923	Oct 06
Shenzhen Excellence Century Center, Block 3	419	14,274	29,415	Nov 09
Shenzhen Victoria Harbour	1,924	65,803	29,243	Dec 08/Jun 09
Changsha Cote d'Azur (Phases 1A and 1B)	126	30,755	4,084	Dec 06
Wuhan Cote d'Azur (Phase 1)	67	21,394	3,130	Jan 08
Qingdao Azure Archipelagoes (Phases 1A, 1B, 1C and 1D)	389	81,837	4,753	Dec 08
Shenzhen Cote d'Azur	13	485	25,860	Nov 04
Dongguan Azure Polis (Phase 1)	222	39,870	5,569	Jun 09
Others	16	—	—	
Total	3,365	260,936	12,898	

In the above table, the only item that had not been completed as of August 31, 2009 but is expected to be completed in 2009 is Shenzhen Excellence Century Center, Block 3. As of August 31, 2009, the construction progress with respect to Shenzhen Excellence Century Center, Block 3, was as follows: the superstructure and the installation of electrical and mechanical equipment have been completed; and the curtain wall of the building and interior decoration for the communal areas have been substantially completed. We expect to obtain the certificates of completion for Shenzhen Excellence Century Center, Block 3, in November 2009.

As of August 31, 2009, we had already achieved 74.1% of the total sales we have forecasted for the four months ending December 31, 2009, which consisted of the contract sales we had already made subject to recognition during the four months ending December 31, 2009. The balance 27.9% of the forecasted sales is expected to be mainly derived from the sale of Shenzhen Excellence Times Plaza (Phase 1), Shenzhen Cote d'Azur and Youpin Apartments, which are all completed projects. Marketing for these projects has been on-going, and as of August 31, 2009, we have already entered into certain provisional sale and purchase agreements. We expect to enter into formal sale and purchase agreements with the respective purchasers by October 2009. If the total contract value of these provisional sale and purchase agreements is also included, we would have achieved 85.9% of the total sales to be recognized in the four months ending December 31, 2009. Further, if we include both the amount of the contract sales and pre-sales as of August 31, 2009 and the total contract value of the above-mentioned provisional sale and purchase agreements, we would have already achieved 91.4% of the total forecast revenue for 2009. Accordingly, we are confident to achieve the profit forecast for the year ending December 31, 2009.

Sensitivity Analysis

Sensitivity analysis on targeted average selling price

The following table illustrates the sensitivity of the net profit attributable to our equity holders to the targeted average selling prices for the properties to be sold for the four months ending December 31, 2009.

% change in targeted selling prices per square meter	-15%	-10%	-5%	+5%	+10%
Impact on the net profit attributable to our equity holders targeted for the year ending December 31, 2009 (Rmb'000)	(40,545)	(20,363)	(10,181)	10,182	20,364

If the targeted average selling prices for all projects rise by 10%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 643.8 million, or 3.3%, higher than our targeted 2009 net profit attributable to our equity holders.

If the targeted average selling prices for all projects rise by 5%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 633.6 million, or 1.6%, higher than our targeted 2009 net profit attributable to our equity holders.

If the targeted average selling prices for all projects decline by 5%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 613.3 million, or 1.6%, lower than our targeted 2009 net profit attributable to our equity holders.

If the targeted average selling prices for all projects decline by 10%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 603.1 million, or 3.3%, lower than our targeted 2009 net profit attributable to our equity holders.

If the targeted average selling prices for all projects decline by 15%, our net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 582.9 million, or 6.5%, lower than our targeted 2009 net profit attributable to our equity holders.

As 87.1% of the forecasted revenue for the year ending December 31, 2009 is based on our contract sales as of August 31, 2009 together with the revenue already recognized in the first eight months of 2009, the above changes in average selling prices only apply to those properties expected to be sold during the four months ending December 31, 2009.

Sensitivity analysis on targeted GFA to be sold and delivered

The following table illustrates the sensitivity of the net profit attributable to our equity holders to the targeted GFA to be sold and delivered for the four months ending 31 December 2009.

% change in targeted GFA sold and delivered	-15%	-10%	-5%
Impact on the net profit attributable to our equity holders targeted for the year ending December 31, 2009 (Rmb'000)	(73,633)	(49,079)	(24,526)

If the targeted GFA to be sold and delivered for all projects declines by 5%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 598.9 million, or 3.9%, lower than our targeted 2009 net profit attributable to our equity holders.

If the targeted GFA to be sold and delivered for all projects declines by 10%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 574.4 million, or 7.8%, lower than our targeted 2009 net profit attributable to our equity holders.

If the targeted GFA to be sold and delivered for all projects declines by 15%, the net profit attributable to our equity holders for the year ending December 31, 2009 will not be less than Rmb 549.8 million, or 11.8%, lower than our targeted 2009 net profit attributable to our equity holders.

Sensitivity analysis on fair value changes of investment properties

The total forecasted amount of our fair value gain on investment properties for the year ending December 31, 2009 is Rmb 35.0 million, representing a 5.0% increase from the total value of our investment properties as of 31 December 2008, and its related deferred taxation expense is Rmb 8.8 million. The following table illustrates the sensitivity of the net profit attributable to our equity holders (net of deferred tax effect) to different levels of revaluation increase or decrease on investment properties for the year ending December 31, 2009:

Changes in the fair value of investment properties based on figures as of December 31, 2008	-10%	-5%	5%	10%
Impact on the net profit attributable to our equity holders targeted for the year ending December 31, 2009 (Rmb'000) . .	(79,200)	(52,725)	225	26,700

If the estimated fair value of investment properties rises or declines by 5%, the net profit attributable to our equity holders for the year ending December 31, 2009 will be not less than Rmb 623.7 million or Rmb 570.7 million, or, 0.04% higher or 8.4% lower than our targeted 2009 net profit attributable to our equity holders.

If the estimated fair value of investment properties rises or declines by 10%, the net profit attributable to our equity holders for the year ending December 31, 2009 will be not less than Rmb 650.2 million or Rmb 544.3 million, or, 4.3% higher or 12.6% lower than our targeted 2009 net profit attributable to our equity holders.

The above illustrations are intended to be for reference only and the actual variation could exceed the ranges given. The above sensitivity analyses are not meant to be exhaustive. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the targeted average selling prices, GFA to be sold and delivered, and fair value changes of investment properties for the year ending 31 December 2009, the actual average selling prices, GFA to be sold and delivered, and fair value changes of investment properties may differ materially from our forecast and are dependent on market conditions and other factors which are beyond our control.

FUTURE PLANS

We intend to grow our business by continuing to focus on development of commercial and residential properties comprising office buildings, commercial complexes, hotels and residential properties.

Our current land bank is sufficient for property developments in the next five years and we plan to replenish our land bank on a rolling basis. As of June 30, 2009, we had a total of approximately 11.3 million square meters of GFA under development or held for future development. We will acquire additional land use rights for our future development and for our existing property developments. We intend to finance the remaining development costs with our operating cash flows and external borrowings.

RISK FACTORS

There are risks and uncertainties relating to our business, the PRC real estate industry, China in general. We have described major risks and uncertainties under the section entitled "Risk Factors" in this document. The following is a summary of these risks and uncertainties:

Risks Relating to Our Business

- Our operations are subject to extensive government regulations and, in particular, we are susceptible to changes in policies related to the real estate industry in China and in regions where we operate;

- We are heavily dependent on the performance of the PRC real estate market, particularly in the cities and regions in which we develop our property projects and manage the properties we have developed;

- Current global economic slowdown, crisis in the global financial markets and volatility of the property prices have negatively impacted, and may continue to negatively impact, our business and our ability to obtain necessary financing for our operations;

- We may not always be able to obtain suitable land for development due to the PRC government's control over land supply to property developers as well as the uncertainties related to land acquisition through secondary market or equity acquisition;
- We may not be able to obtain land use rights to certain parcels of land in connection with which we have entered into various contractual arrangements;
- We have made substantial payments in connection with land-related contractual arrangements, we may suffer losses as a result of default by any counterparty in its obligation to refund our payments if the land acquisition fails to materialize;
- We are required to relocate existing residents and pay demolition and resettlement costs associated with some of our future property developments and such costs may increase;
- We have incurred and will continue to incur a significant amount of interest expense in relation to our bank borrowings and we may not have adequate financing to fund our land acquisitions and property developments;
- Our financing costs are subject to changes in interest rates;
- Our LAT provisions may not be sufficient to meet our LAT obligations;
- We may not be able to effectively manage our expansion and growth;
- Our business will be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals for any major property development;
- We maintain a significant amount of indebtedness and a deterioration of our cash flow position may materially adversely affect our ability to service our indebtedness and to continue our operations;
- We had negative operating cash flow during the Track Record Period and, if we are unable to meet our financial obligations, our business, financial condition and results of operations will be materially and adversely affected;
- We may be affected by the performance of third-party contractors;
- Our results of operations may vary significantly from period to period;
- The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact our profitability;
- The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our portfolio of investment properties;

- Changes of PRC laws and regulations with respect to pre-sale may adversely affect our cash flow position and business performance;
- We guarantee repayment obligations of mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans;
- The terms on which mortgage loans are available, if at all, may affect our sales;
- We may suffer losses not covered by insurance;
- We may not be able to complete our development projects on time or at all;
- Our failure to meet all requirements for the delivery of completed properties and issuance of property ownership certificates may lead to compensatory liability to our customers;
- The appraisal value of our properties may be different from the actual realizable value and is subject to change;
- The PRC government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts;
- The PRC government has implemented restrictions on the funding abilities of PRC property developers, which could adversely affect our ability and speed in deploying the funds we raise for our business in China;
- Our success depends on the continued services of our senior management team and other key personnel;
- We may not be able to protect our brand, trademarks and other intellectual property rights, which could have a material and adverse impact on our business;
- We may not be able to control the individual or collective decisions of tenants and property owners of our commercial properties, which may be adverse to our interests;
- Property owners may terminate our engagement as the provider of property management services;
- We may be involved from time to time in disputes and legal and other proceedings arising out of our operations and may face significant liabilities as a result;
- We have not fully paid the registered capital of some of our wholly owned subsidiaries in China;
- Our Original Shareholders, Li Wa and Li Xiaoping, are related to each other and have substantial control over our company and their interests may not be aligned with the interests of our other shareholders;

- If we cannot continue to obtain qualification certificates, our business may be adversely affected;
- We rely principally on dividends paid by our subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business;
- We may be deemed a PRC resident enterprise under the new PRC Enterprise Income Tax Law and be subject to the PRC taxation on our worldwide income; and
- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

Risks Relating to the Property Industry in China

- The PRC government may adopt further measures to slow down the growth in the property sector;
- We are exposed to pre-sale related contractual and legal risks;
- The real estate market in China is volatile;
- Intensified competition may adversely affect our business and our financial position; and
- Potential liability for environmental damages could adversely affect our business and financial condition.

Risks Relating to China

- PRC economic, political and social conditions as well as government policies could adversely affect our business and prospects;
- Changes in PRC foreign exchange regulations may adversely affect the value of your investment;
- Fluctuations in the value of Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries;
- Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you;
- The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics; and
- We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC real estate industry contained in this document.