Investing in our Shares involves risks and uncertainties. In evaluating an investment in our Shares, you should carefully consider, along with the other information provided to you in this prospectus, the specific factors set out below. You should pay particular attention to the fact that we conduct our operations in the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other jurisdictions. Any of these risks and uncertainties could materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS

We are heavily dependent on the performance of the PRC property market, particularly in Fujian and Jiangsu Provinces

Our business and prospects are subject to the conditions of the PRC property market, particularly in Fujian and Jiangsu Provinces. Growth in demand for commercial and residential properties in the PRC is often coupled with volatility in market conditions and fluctuation in property prices. The PRC property market is affected by many factors, including changes in the PRC's political, economic and legal environment, and the lack of a mature and active secondary market for commercial and residential properties. As the majority of our projects and property developments are located in Fujian and Jiangsu Provinces, we expect that our business and prospects will be heavily affected by the state of the property markets in these regions. Any over-development, market downturn, or fluctuations in property prices in China in general, and in particular Fujian and Jiangsu Provinces, would have a material adverse impact on our business, financial condition and results of operations. If we do not respond to changes in market conditions and customer preferences in a timely and satisfactory manner, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, the PRC Government from time to time adjusts its fiscal and monetary policies to adjust the rate of growth of PRC national economy and local economies, and such adjustments may affect the property market in the regions where we have, and will have, property developments. For more information on PRC Government measures in the property market, please refer to the section headed "Industry Overview — Regulations" and Appendix V headed "Summary of Principal PRC Legal and Regulatory Provisions" of this prospectus. There can be no assurance that our property development or our sales and leasing activities will continue at the levels we achieved during the Track Record Period.

We may not be able to manage our growth and expansion into new business segments or cities

We initially focused primarily on the development of residential properties and in recent years, we have also developed large-scale, integrated commercial complexes and hotels. In addition, we are currently developing logistics centres, R&D centres and other properties to diversify our sources of revenues. We cannot assure you that we can leverage on our past experience to meet challenges encountered in these new business segments. These types of projects require a significant amount of capital expenditures and draw heavily on our management expertise and experience. We will also need to manage the growth in our workforce to support our business expansion. In addition, we cannot assure you that the market demand for our properties will continue to be sufficient to provide us with an adequate return on our investment. We may also face considerable reputational and financial risks if any new business segment we choose to enter is mismanaged or does not meet the expectations of our customers. Any of these factors could have a material adverse impact on our business, financial condition, results of operations and prospects.

Pursuant to our strategy to expand into selected high-growth areas, we expanded our operations into Hefei, Anhui Province in 2005. We intend to continue to expand into other high-growth cities in China. Our continued expansion, especially with regard to property development projects which are different from our past projects and our need to integrate operations into new regions, may place a substantial strain on our managerial, operational and financial resources and we cannot assure you that we will be successful when entering into and operating our business in such new regions.

We may not be able to locate or acquire suitable sites for our future projects at a reasonable cost, or at all

During the Track Record Period, we derived our revenues principally from the sale of properties developed by us. Our ability to generate sustainable revenues and growth for our business depends on our ability to continuously identify and acquire suitable sites for property development.

Major PRC cities, including Nanjing and Xiamen, have experienced an increase in land cost in recent years and there is a limited supply of suitable land available for development in such cities. As a result, we may not be able to acquire suitable land at a reasonable cost. We may also face strong competition from other property developers for the sites we target to acquire and cannot assure you that we will be able to acquire these sites at reasonable costs, or at all.

Furthermore, our ability to acquire land is regulated by the PRC Government and the relevant local authorities who control the supply of substantially all land and their approved usage which in turn affects the price at which land can be acquired. Specific regulations are in place to control the way through which land is acquired and developed. Please refer to Appendix V headed "Summary of Principal PRC Legal and Regulatory Provisions" of this prospectus for more details. Further changes in government policy with regard to land supply and development may lead to increases in our costs of acquiring land and limit our ability to successfully acquire land at reasonable costs, which would have a material adverse impact on our business, financial condition, results of operations and prospects.

We require substantial capital resources to acquire land and develop our existing and additional projects, which may not be available on commercially reasonable terms, or at all, and are subject to market demand and policy changes

Real estate development is capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete our projects. We finance our real estate development activities primarily through a combination of funding from bank borrowings as well as pre-sale and sale proceeds from our developed projects. Historically, we also relied on interest-free loans from our Controlling Shareholders to fund our operations. There is no assurance that such loans from our Controlling Shareholders will continue to be available to us in the future.

Our ability to arrange adequate financing for land acquisitions or real estate developments on terms commercially acceptable to us depends on a number of factors, many of which are beyond our control. The PRC Government has in recent years introduced numerous policy initiatives in the financial sector to further tighten the requirements for lending to property developers which, among other things:

- prohibit PRC commercial banks from granting loans to property developers for the purpose of paying land premiums;
- restrict PRC commercial banks from granting loans for the development of luxury residential properties;
- require property developers to fund a minimum amount of 20% (common residential housing projects) and 30% (other projects) of the total estimated capital required for the project with internal funds; and
- prohibit property developers from using borrowings obtained from local banks to fund property developments outside that local region.

As a result, we may not be able to obtain bank borrowings or funding from other sources in the future on favorable terms, or at all, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

In addition to bank borrowings, we utilize proceeds from pre-sales and funds generated from our operations as an important source of financing for our real estate developments. There can be no assurance that we can achieve sufficient pre-sales to finance a particular development. Any restriction on our ability to pre-sell or sell our properties, including any increase in the amount of upfront expenditures we must incur prior to obtaining a pre-sale permit, or any restriction on our ability to utilize the pre-sale proceeds, including as a result of changes to PRC laws and regulations governing the use of pre-sale proceeds, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance the various stages of our real estate developments. Our ability to generate cash depends on the demand for and prices of our properties and our ability to continually develop and sell or lease our properties. Furthermore, purchasers who pay the purchase price in installments under sales or pre-sale contracts may not make timely payments and this may have a material adverse impact on our liquidity. Any restriction on our ability to pre-sell or sell, any change in our ability to generate profits from our operations or our ability to collect installments from the purchasers could have a material adverse impact on our business, financial condition, results of operations and prospects.

For more information on such PRC laws and regulations, please refer to the section headed "Industry Overview — Regulations" and Appendix V headed "Summary of Principal PRC Legal and Regulatory Provisions" of this prospectus.

We may not be able to meet project development schedules and complete our projects on time, or at all

Real estate development requires substantial capital expenditures and management resources prior to, and during, the construction period. Construction of a particular project may take several years before it can generate positive cash flows through pre-sales, leases and sales, and the timing and costs involved in completing a particular project could be materially and adversely affected by many factors, including, among others:

- misjudgment on the selection and acquisition criteria for potential sites, especially with respect to new business segments and cities;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities including, but not limited to, delays in assisting our customers to obtain the necessary individual property ownership certificates;
- delays in construction due to various factors including, but not limited to, the relocation of existing site occupants and demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- changes in market conditions;
- construction accidents; and
- natural catastrophes and adverse weather conditions.

Delays in, or the failure to complete, the construction of a particular project according to its planned specifications, schedule or budget may damage our reputation as a property developer, and lead to a loss of revenues, potential penalties arising from late delivery of our properties, as well as result in an increase in construction costs. If we do not complete our projects on time, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In the past, we experienced certain delays in the delivery of properties in our Xiamen Mingfa Shopping Mall. As a result, we were required to make certain late delivery payments to our customers and may experience further potential claims in relation to such delays. As at August 31, 2009 the late delivery payments that we had paid to the affected owners who had obtained favorable rulings from the PRC courts or with whom we had entered into settlement arrangements amounted to approximately RMB47.0 million. A sum of RMB0.8 million remained payable. In addition, we have made a provision of RMB36.8 million in our accounts as at June 30, 2009 for our liabilities that have resulted or are expected to result from such delay. For more details, please refer to the section headed "Business — Legal Proceedings" and Appendix I headed "Accountant's Report — Note 26 — Provision for other liabilities and charges" of this prospectus.

We face risks relating to fluctuations in our results of operations from period to period

As we derive our revenues principally from the sale of properties, our results of operations may vary significantly from period to period. At present, we derive a significant portion of our revenues from the sale of properties that we have developed. Our results of operations may fluctuate in the future due to a combination of factors which includes the overall delivery schedules of our projects, the market demand for our properties by prospective customers, the timing of the sale of properties that we have developed and any fluctuation in expenses such as land costs and construction costs. Furthermore, according to our accounting policy for revenue recognition, we recognize revenues from the sale of our properties when the construction of the relevant properties has been completed and such properties have been delivered to the purchasers. Please refer to the section headed "Financial Information — Critical Accounting Policies — Revenue Recognition" of this prospectus for further details on our revenue recognition accounting policy. As the timing of delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA and the timing of delivery of the properties that we sold. Periods in which we deliver more GFA typically generate higher levels of revenues. Periods in which we pre-sell a large aggregate GFA, however, may not generate correspondingly high level of revenues, if the properties pre-sold are not delivered within the same period. The effect of the timing of project delivery on our operational results is accentuated by the fact that during any particular period of time the number of property projects that we undertake is limited due to the substantial capital expenditures and management resources required for land acquisition and project development.

A deterioration of our cash flow may affect our ability to service our borrowings and our business, financial condition and results of operations

Our total borrowings, including both current and non-current borrowings, as at December 31, 2006, 2007 and 2008 and as at June 30, 2009 were RMB590.0 million, RMB1,384.0 million, RMB1,625.0 million and RMB2,011.4 million, respectively. In comparison, our total shareholders' equity including minority interests as at December 31, 2006, 2007 and 2008 and as at June 30, 2009 were RMB639.7 million, RMB1,188.4 million, RMB1,863.6 million and RMB2,010.1 million, respectively. As at June 30, 2009, out of our total borrowings of RMB2,011.4 million, RMB743.9 million was repayable within 12 months and RMB1,267.5 million was repayable beyond 12 months. Please refer to the section headed "Financial Information — Indebtedness" of this prospectus for further details on our borrowings.

Our ability to repay the principal and interest on our borrowings depends substantially on our cash flow position and results of operations of our operating subsidiaries, which are dependent not only on market conditions and customer demands, but also on a number of political, economic, legal and other factors, some of which are beyond our control. We cannot assure you that we will have sufficient cash flow to service our borrowings or repay our indebtedness. If we are unable to service our borrowings due to a deterioration of our cash flow position, our business, financial condition and results of operations prospects as well as our ability to obtain future borrowings on favorable terms may be materially and adversely affected.

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

As at August 31, 2009, we had investment properties with an aggregate GFA of approximately 226,000 sq.m. and expect to increase our investment property portfolio as part of our future strategy. Investment properties are illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by prospective purchasers would be acceptable to us. We also cannot predict the length of time needed to find customers and to complete the sale. In addition, we may be required to expend funds to maintain properties, to correct defects, or to make improvements before a property can be sold, and we cannot assure you that we would have such funds available.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand, increased supply or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures and we cannot assure you that we will have such funds available. These factors and any other factors that would impede our ability to respond to material adverse changes in the performance of our investment properties may have a material adverse impact on our business, financial condition and results of operations.

We may not be able to obtain land use rights certificates for certain existing properties or properties we may acquire in the future

In order to develop and sell real estate in the PRC, property developers are required to obtain land use rights certificates from the relevant government authorities. The land use rights certificate in respect of a piece of land will not be issued until the developer has executed the land use rights grant contract with the relevant authorities, made full payments of the land premium and complied with the use rights and any other land grant conditions. Please refer to Appendix IV headed "Property Valuation" of this prospectus for more details on land sites for which we have land use rights grant contracts but no land use rights certificates.

As at the Latest Practicable Date, we are in the process of applying or preparing applications for the land use rights certificates for some of our projects. We cannot assure you that the Ministry of Land and Resources or its local branches will grant us the appropriate land use rights and issue the relevant land use rights certificates in respect of other land we acquire in the future in a timely manner, or at all. If we cannot obtain land use rights certificates in respect of the land we acquire in the future, we may not be able to lease or sell the project which could have a material adverse impact on our business, financial condition and results of operations.

We have entered into MOUs with various government authorities with an intention to facilitate potential acquisition of several land use rights to certain parcels of land located in several cities in China. As at the Latest Practicable Date, these land parcels occupied an aggregate site area of approximately 1,484,766 sq.m. These MOUs are not land use rights grant contracts or project company acquisition agreements pursuant to which land use rights can be secured with reasonable certainty. We cannot assure you that the relevant PRC Government authorities will grant us the land use rights or issue the relevant land use rights certificates in respect of these parcels of land, or that these MOUs will eventually result in our acquisition of any land use rights or our entry into any land use rights grant contract with the relevant PRC Government authorities. If we fail to obtain or experience material delay in obtaining the land use rights with respect to these parcels of land, or at all, our business, financial condition and results of operations may be materially and adversely affected. For more details, please refer to the section headed “Business — Description of Our Projects — MOUs and Other Agreements in relation to Land Acquisition” of this prospectus.

We bear demolishment and resettlement costs associated with some of our property developments and such costs may increase

We are required to compensate owners and residents of demolished buildings on some of our property developments for their relocation and resettlement in accordance with the PRC urban housing demolition and relocation regulations. The compensation we pay is calculated in accordance with the formulae published by the relevant local authorities. These formulae take into account the location, type of building subject to demolition, local income level and many other factors. There can be no assurance, however, that these local authorities will notify us in a timely manner for any adverse change or modifications to the published formulae. If they do so, the land costs may be subject to substantial increase, which can materially and adversely affect our cash flow, financial condition and results of operations. In addition, if we fail to reach an agreement over the amount of compensation with any existing owner or resident, either we or such owner or resident may apply to the relevant authorities for a ruling on the amount of compensation. Dissenting owners and residents may also refuse to relocate. This administrative process or such resistance or refusal to relocate may delay the timetable of our development projects, and an unfavorable final ruling may result in compensation amounts at a level higher than that determined by the published formulae. Such delays in our development projects will also lead to an increase in cost and will delay the cash inflow from pre-sale of the relevant projects, which may in turn materially and adversely affect our business, financial condition and results of operation.

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

We have a sizeable investment property portfolio and we are required to reassess the fair value of our investment properties at every balance sheet date on which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our income statements in the period in which they arise.

We recognize the fair value of our investment properties on our consolidated balance sheets, and recognize fair value gains or losses on investment properties and the relevant deferred tax on our consolidated income statements. For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we recorded fair value gains on our investment properties in the amounts of RMB497.5 million, RMB235.3 million, RMB117.8 million and RMB47.5 million, respectively, which accounted for 69.1%, 24.2%, 12.3% and 17.6% of our profit before tax in the respective periods.

The increase in the fair value of our investment properties during the Track Record Period was primarily due to the addition of new investment properties and the overall value appreciation of properties in Fujian and Jiangsu. Fair value gains do not, however, change our overall cash position as long as we continue to hold the relevant investment properties. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in market conditions will continue to create fair value gains on our investment properties at previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. In particular, the fair value of our investment properties could decline in the event that the real estate industry experiences a downturn as a result of PRC government policies aimed at "cooling-off" the PRC property market, or any global market fluctuations and economic downturn. Any decrease in the fair value of our investment properties could lead to a decrease in fair value gains on investment properties in our income statement which could adversely affect our financial performance.

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

The appraised value of our properties as contained in the Property Valuation Report set out in Appendix IV to this prospectus is based on multiple assumptions that include elements of subjectivity and uncertainty. Accordingly, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property projects as well as national and local economic conditions, among other things, may affect the value of our property holdings.

As at the Latest Practicable Date, we also had four projects for which we had entered into MOUs with various government bodies with an intention to acquire the relevant land use rights for certain plots of land for future development. As a result, we are not in possession of the land use rights certificates for these four projects as at the Latest Practicable Date. For more details, please refer to the section headed "Business — Description of Our Projects — MOUs and Other Agreements in relation to Land Acquisition" of this prospectus.

In accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors, PRC properties without land use rights certificates may not be assigned any commercial value for purposes of issuing any property valuation report in connection with a listing on the Stock Exchange. In addition, you should not rely on the estimated value attributable to us as disclosed in the Property Valuation Report because the issuance by the government of the relevant land use rights certificates depends on our timely payment of the requisite land premiums and many other conditions beyond our control.

We rely on independent third parties to provide various facilities and services and cannot assure you that the services rendered by such third parties will always match our requirements for quality or be available

We depend on a number of independent third parties for a variety of services. For example, we engage independent contractors to assist us in various stages of our project development process, where applicable. We cannot assure you that the services rendered by any of these third parties will always be satisfactory or match our requirements for quality. If the completion of our property project is delayed due to any independent contractor's financial or other difficulties or if the quality of the service provided is not satisfactory, we may be required to incur additional costs to compensate our customers or to cover additional expenses. Any of these factors could have a material adverse impact on our business, financial condition, results of operations and prospects.

We currently engage a third party property management company to manage the daily operations of Nanjing Pearl Spring Resort. Although we monitor the performance of such third party property management company, we typically do not insist on these investment properties being operated in a particular manner. However, we have the right to terminate its services if it breaches the terms of the relevant management agreement. If its performance is not satisfactory to our customers, we may experience lower occupancy rates, which would lead to a loss of income or damage to our reputation. This could also have an adverse impact on our results of operations and our reputation. We also may not be able to reduce the costs associated with the management of our property in a timely manner in response to decreases in demand for such property. If we are unable to successfully manage our investment properties, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The ancillary facilities provided within our Nanjing Mingfa Riverside New Town, such as schools and hospitals, enhance the value of this project by improving the overall quality and value of the surrounding areas and we rely on independent third parties to operate or manage some of such ancillary facilities. We cannot assure you that we will be able to engage suitable independent third parties to continue to operate these facilities. In the event that these facilities cease to be provided, the value of this project could be adversely affected.

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

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

In the past, we experienced delays in obtaining the requisite government approvals for some of our property development projects. For more details, please refer to the section headed "Business — Legal and Compliance Matters — Permits, Certificates and Approvals" of this prospectus.

We may be subject to legal and business risks if we fail to obtain or renew formal qualification certificates

All property developers in the PRC must obtain a qualification certificate in order to carry out the business of property development in the PRC. In addition, a property developer in the PRC must hold a valid qualification certificate when it applies for a pre-sale permit.

The Provisions on Administration of Qualification Certificates of Real Estate Developers (《房地產開發企業資質管理規定》) (the "**Qualification Certificate Provisions**") provide that a newly established developer must first apply for a temporary qualification certificate (暫定資質證書), with a one-year term which can be renewed once for a maximum period of two years. Thereafter, the developer must apply for a formal qualification certificate (資質證書) under one of the four grades set out in the Qualification Certificate Provisions. In reviewing an application for a qualification certificate, the relevant government authority considers the property developer's registered capital, property development investments, history of property development and quality of property construction, as well as the expertise of the developer's management and whether the developer has any illegal or inappropriate operations.

If any of our project companies is unable to renew their qualification certificates or obtain formal qualification certificates in a timely manner, or at all, as and when they expire, those project companies may not be permitted to continue to engage in property development or to conduct any pre-sales for that development. In the past, we did not renew the requisite qualification certificate within the applicable time limit for one of our property developments. For more details, please refer to the section headed "Business — Legal and Compliance Matters — Permits, Certificates and Approvals" of this prospectus.

We may not be able to enforce the full term of our "Transfer of Right to Use Properties Contracts" under PRC law

As at June 30, 2009, we had entered into over 300 occupancy and usage arrangements for the units developed at Xiamen Mingfa Town, subject to the terms set out in a "Transfer of Right to Use Properties Contract" (房屋使用權轉讓合同).

Under the "Transfer of Right to Use Properties Contract", each transferee is contractually entitled to occupy and use the relevant unit for a term commencing shortly after the contract date and expiring on May 7, 2054 (the "**Expiry Date**"), the date on which our legal title to the parcel of land on which Xiamen Mingfa Town is situated will expire. The duration of the occupancy and usage rights therefore depend on the commencement date of the relevant contractual arrangement.

Our PRC legal adviser has confirmed that:

(i) The "Transfer of Right to Use Properties Contract" does not create rights and obligations that fall squarely within any recognized contract category, and will be considered an "anonymous contract".

(ii) The "Transfer of Right to Use Properties Contract" envisages that we retain a right of reversion at the end of the finite term of the arrangement. During that finite term, the transferee enjoys the right to use the premises in exchange for a sum of consideration. Under *PRC Contract Law*, any contractual relationship that does not fall squarely within a recognized contract category can be regulated by and subject to statutory provisions applicable to the recognized contract category that is closest in nature to that contractual relationship.

(iii) Compared to all available recognized contracted categories under PRC law, the contractual relationship envisaged by the "Transfer of Right to Use Properties Contract", is most similar to a lease contract. On this basis, the tenancy provisions under *PRC Contract Law* may apply to the "Transfer of Right to Use Properties Contract" by analogy. Under those tenancy provisions, a lease is only legally enforceable for a maximum term of 20 years. Any excess beyond 20 years is not legally enforceable. Accordingly, if the arrangement under the "Transfer of Right to Use Properties Contract" was subject to those tenancy provisions, only the first 20 years is legally enforceable. It is therefore possible that the occupancy and usage rights under this arrangement in excess of 20 years may not be legally enforceable. If the PRC courts were to apply this interpretation to these contracts, they may require us to repay a portion of the original contract price that corresponds to the excess term. However, the transferees and the PRC courts may not repudiate or invalidate the contract on the basis that the term is in excess of 20 years.

(iv) Based on the tenancy provisions under *PRC Contract Law*, the "Transfer of Right to Use Properties Contract" will be legally enforceable for up to a term of 20 years from the commencement date stipulated in the contract.

As advised by our PRC legal adviser, (i) there is no certainty as to how the PRC courts will interpret the valid term of the occupancy right under the "Transfer of Right to Use Properties Contracts", (ii) the PRC courts may rule that the contracts be treated as long-term leases for the purpose of determining the validity of the term of the occupancy rights under the contract, and (iii) based on the above, only the first 20 years of the "Transfer of Right to Use Properties Contracts" is legally enforceable. Our PRC legal adviser also confirmed that as the "Transfer of Right to Use Properties Contracts" are considered "anonymous contracts", unlike leases they do not need to be registered with the relevant authorities under PRC laws. This was the same view expressed by Xiamen Municipal Resources and Housing Administrative Bureau (廈門市國土資源與房產管理局) when we consulted them on whether we could register these "Transfer of Right to Use Properties Contract" as leases.

If all existing transferees successfully obtain a judgment from the PRC court that any lease term beyond 20 years are not legally enforceable and we are required to repay the pre-paid purchase money that transferees paid for the period beyond the first 20 years under the contract, we will be required to repay up to a maximum of RMB100 million, which is the sum of all the pre-paid purchase money we have received for the period beyond the first 20 years under all the contracts we have entered into. Please refer to the section headed "Business — Legal and Compliance Matters" of this prospectus for more information.

We may become involved in potential disagreement with Baolong regarding the timing by which the allocation of certain investment properties in Xiamen Mingfa Shopping Mall must be implemented

We signed a supplemental agreement dated December 4, 2008 (the "**Supplemental Agreement**") to a cooperation agreement dated November 8, 2002 (the "**Master Agreement**"), which sets out the allocation of certain investment properties in Xiamen Mingfa Shopping Mall.

Baolong has since requested Mingfa Group to implement the allocation of these investment properties. Mingfa Group has not agreed to carry out such allocation at this time. For more details regarding the original Master Agreement and the Supplemental Agreement, please refer to the section headed "Business — Description of Our Projects — Xiamen Mingfa Shopping Mall" of this prospectus.

Our PRC legal adviser has advised us that the profit and loss sharing arrangement agreed between Mingfa Group and Baolong in the Master Agreement shall continue, pending final determination and settlement of the profit and losses as well as the expenses and liabilities of the Xiamen Mingfa Shopping Mall project. Under the profit and loss sharing arrangement, Mingfa Group and Baolong have been, and will continue to be, entitled to the after-tax profit that result from the development and operation of the Xiamen Mingfa Shopping Mall project on the agreed 70:30 basis. At the same time, Mingfa Group and Baolong have been, and will continue to be subject to, the losses and other risks associated with the development and operation of the project on the agreed 70:30 basis. Most importantly, Mingfa Group is of the view that, and our PRC legal adviser has also advised us that, the Supplemental Agreement does not stipulate the timing by which asset allocation must be implemented.

Our PRC legal adviser has advised us that, should the matter be brought before a PRC court, it is possible that the court will require the immediate allocation of properties as set out in the Supplemental Agreement. Our PRC legal adviser has also advised us that any such allocation and transfer shall be in accordance with the Master Agreement, and should provide for the allocation amongst the parties of the gains and losses as well as assets and liabilities of the project.

Pursuant to the assets allocation under the Supplemental Agreement between our Group and Baolong, Baolong has been allocated an excess area of approximately 9,775 sq.m. Our Group is entitled to receive proceeds from Baolong on the excess areas at a fixed price of RMB9,500 per square meter. The excess area which originally had been included in our Group's share of investment properties is no longer qualified as our investment properties. The related carrying amounts have been transferred to completed properties held for sale until the execution of the Supplemental Agreement. However, the fixed price for this excess area is different from the average carrying value of our Group's investment properties. The shortfall of approximately RMB12,011,000 (which represents approximately 1% of the total value of the completed properties held for sale as at June 30, 2009) has been accounted for as impairment losses on completed properties held for sale and included as expenses in our Group's consolidated income statement for the year ended December 31, 2008.

Except for the abovementioned confirmed losses, which have been fully provided for and would materialize only upon the assets transfer, if the Master Agreement and the Supplemental Agreement are strictly adhered to during the execution of the assets transfer, there should not be any further loss to our Group.

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

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, local partners and customers. These disputes may lead to protests and legal, administrative or other proceedings and may result in damage to our reputation, additional operational costs and a diversion of resources and management's attention from our core business activities. In the past, third party claims against us primarily consisted of disputes relating to delayed deliveries of properties to our clients. As at the Latest Practicable Date, there is also a pending claim filed by us against the counterparties of a share transfer agreement in relation to the proposed transfer of shares in Suzhou Yangcheng Lake Hua Qing Real Estate Development Company Limited. We cannot assure you that we will not be involved in any other such proceedings again or that such proceedings will not involve material amounts in the future or that the outcome of these proceedings will not materially and adversely affect our business, financial condition and results of operations. Please refer to the sections headed "Risk Factors — We may not be able to meet project development schedules and complete our projects on time, or at all" and "Business — Legal Proceedings" of this prospectus.

Our internal control systems and compliance procedures may have deficiencies and weaknesses such that we may not be able to maintain effective internal control

Our internal control system and compliance procedures are essential to the operations and results of our business. We recently engaged a reputable consulting firm as our internal control adviser to review our internal control procedures of key business areas and management processes at our selected operating subsidiaries with a view to enhance our internal control procedures. Their review identified certain shortcomings in our systems and procedures and, as a result, we have taken steps to improve our internal control systems and corporate governance procedures. For details, please see the section headed "Business — Measures to Strengthen Corporate Governance Procedures" of this prospectus. However, given the scale of our operations, these measures may not ensure the adequacy of our internal controls and we cannot assure you that any deficiencies or weaknesses in our internal control systems and compliance procedures will not occur in future. If we fail to maintain an effective internal control system, our business, results of operations and reputation may be adversely affected.

Our failure to meet all requirements for issuance of property ownership certificates may lead to payment of compensation to our customers

According to PRC law, property developers must meet various requirements which include, among others, passing various governmental clearances, formalities and procedures, within 90 days after delivery of properties, or such time period as provided in the sales contracts, in order to allow the customers to apply for property ownership certificates. We cannot assure you that there will not be delays in fulfilling those requirements, that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates. There may also be factors beyond our control that cause delay to the delivery of property ownership certificates, such as time-consuming examination and approval processes by various PRC government agencies. Under our sales contracts, we are required to compensate our customers for any delays in the delivery of our properties. In the case of serious delays in one or more of our property development projects, our business and reputation could be materially and adversely impacted.

Our business, financial condition and results of operations may be materially and adversely affected if interest rates increase in the future

Mortgages are the primary means of financing property purchases in the PRC. Most of the prospective customers of our residential properties are expected to finance a substantial portion of the purchase price with mortgages. Due to the need for mortgages, demand for commercial and residential properties is likely to be materially and adversely affected by increases in interest rates, which would make commercial and residential properties less affordable for prospective customers.

Changes in interest rates have also affected and will continue to affect our financing costs. There is no assurance that interest rates, will not increase in future. Our cost of borrowings will increase as a result of any interest rates increase which would, in turn, materially and adversely affect our business, financial condition and results of operations. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — A deterioration of our cash flow may affect our ability to service borrowings and our business, financial condition and results of operations" of this prospectus for further details on our indebtedness.

We provide guarantees for mortgages taken out by our customers and if a significant number of these guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected

We pre-sell our properties before construction is completed. In accordance with industry practice, we are required to provide guarantees to banks in respect of mortgages offered to our customers until completion of construction and the relevant property ownership certificates and certificates of other interests in the property are submitted to the relevant banks. If a customer defaults on a mortgage and the bank calls upon the guarantee, we are required to repay the full portion of the mortgage owed by the customer to the mortgagee bank. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage. Consistent with industry practice, we rely on the results of customer credit checks conducted by the mortgagee banks relating to these guarantees and do not conduct any independent credit checks.

As at December 31, 2006, 2007 and 2008 and as at June 30, 2009, our outstanding guarantees of mortgage loans of our customers amounted to RMB1,261.3 million, RMB1,409.1 million, RMB1,337.6 million and RMB1,366.1 million, respectively. As at the Latest Practicable Date, there had been no material defaults on mortgages guaranteed by us. However, there can be no assurance that defaults will not occur in the future or that we will not suffer any loss as a result of such defaults. In addition, if a significant number of customers default on their mortgages and our guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the customer or that we cannot sell such properties due to unfavorable market conditions or other reasons.

Furthermore, if there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks. Such difficulties in financing could result in a substantially lower rate of pre-sales of our properties, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We depend heavily on the continuing services of our Chairman, Mr. Wong Wun Ming, and our other executive Directors

Our success and growth depends on the continuing services of our Chairman, Mr. Wong Wun Ming, and our other executive Directors. Currently, we do not have key man insurance for these individuals. Mr. Wong Wun Ming has more than 20 years of experience in the PRC real estate industry and in-depth knowledge of various aspects of property development. He also enjoys a good relationship with various local governments. Competition for qualified and experienced personnel is intense in the property development sector and the pool of qualified candidates is very limited. The departure of Mr. Wong Wun Ming or any of our other executive Directors, and our failure to find suitable substitutes, could have a material adverse impact on our business, financial condition, results of operations and prospects.

We may not be able to control the individual or collective decisions of certain tenants and property owners of our commercial complexes, logistics centres, R&D centres and other properties

To realize better cash flow and to free up capital to invest in additional property development projects, we have sold or leased in the past and may continue to sell or lease strata-titled units of our commercial complexes, logistics centres, R&D centres and other properties. There can be no assurance that we will be able to control any individual or collective decisions of any tenants and property owners in the way they operate or lease such units or outlets or that any conflict in the usage of such units or outlets will not arise. If we are unable to control the manner of operation of such units or outlets, we may fail to carry on the original purpose of developing such units or outlets, and such failure may have a material adverse impact on the reputation, business, operations and value of the related commercial complexes, logistics centres, R&D centres and other properties.

Any failure to protect our brand, trademarks and other intellectual property rights could have a material and adverse impact on our business, financial condition and results of operations

We believe our brand, trademarks and other intellectual property are integral to our success. “” is a highly recognized brand in the PRC and we have been the recipient of several awards. We believe the success of our business depends in part on our continued ability to use and promote our brand and trademarks. We rely on the intellectual property laws in the PRC to protect our intellectual properties. Any unauthorized use of such intellectual properties could materially and adversely affect our business and reputation.

Monitoring and preventing any unauthorized use of our intellectual properties is difficult and costly. The measures we have taken to protect our brand, trademarks and other intellectual property rights may not be adequate to prevent their unauthorized use by third parties. Furthermore, enforcement of PRC intellectual property-related laws has historically been difficult, primarily because of ambiguities in the PRC laws and difficulties in enforcement. In addition, we cannot assure you that any brand, registered trade mark or other intellectual properties owned by us will be enforceable or will not be invalidated, circumvented or otherwise challenged in the PRC. If we are unable to adequately protect our brand, trademarks and other intellectual properties, we may lose these rights which could have a material adverse effect on our business and reputation.

Potential liability for environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations that apply to any given project development site vary greatly according to the site’s location, the site’s environmental condition, the present and former uses of the site, as well as adjoining properties. Compliance with environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas.

As required by PRC law, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and no environmental liability that we believe would have a material adverse impact on our business, financial condition and results of operations has been revealed. However, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware.

Our Controlling Shareholders may take actions that conflict with the best interests of our other Shareholders

Immediately following the Global Offering, assuming no exercise of the Over-allotment Option, our Controlling Shareholders will collectively own 85.0% of our outstanding Shares (82.8% if the Over-allotment Option is exercised in full). As a result, subject to our constitutional documents and the Companies Law, our Controlling Shareholders, by virtue of their controlling ownership of our share capital and their positions on our Board of Directors, will be able to exercise significant control or exert significant influence over our business or otherwise on matters of significance to us. Certain matters for which our Controlling Shareholders could have significant control or influence in determining the outcome include, among others:

- election of Directors;
- selection of senior management personnel;
- amount and timing of dividend payments and other distributions;
- acquisition of, or merger with, other entities or major properties;
- overall strategic development and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- amendments to our Memorandum of Association and Articles of Association.

The interests of our Controlling Shareholders may differ from the interests of our other Shareholders and our Controlling Shareholders are free to exercise their votes according to their interests. In the event that there is a divergence of our strategic and other interests from those of our Controlling Shareholders in the future, the Controlling Shareholders may exercise control over us in ways that conflict with the interests of our other Shareholders, and the interest of minority shareholders could be disadvantaged.

We have limited insurance to cover all potential losses and claims

In general, we do not take out insurance coverage against potential losses or damages with respect to our properties developed for sale before their delivery to customers. Neither do we maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites. Under relevant PRC laws, construction companies are responsible for bearing the primary civil liability for personal injuries arising out of their construction work. In addition, there are certain types of losses for which insurance is not available on commercially practicable terms in the PRC, such as losses suffered due to earthquakes, typhoons, flooding, war and civil disorder. Therefore, while our Directors believe that our practice is in line with the general practice in the PRC property development industry, there may be instances when we will have to internalize losses, damage and liabilities because of our lack of insurance coverage, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects. Please refer to the section headed "Business — Insurance" of this prospectus for more information.

We have made certain payments in connection with MOUs and other arrangements in relation to land acquisition and we may suffer as a result of default by any counterparty in its obligation to refund our payments if the land acquisition fails to materialize

As at the Latest Practicable Date, we have made an aggregate payment of RMB264 million in connection with MOUs and other arrangements in relation to land acquisition. These payments are unsecured and paid directly to the counterparty or to the project company instead of an escrow account. Although the recoverability of these payments, if in the form of down payment or deposit, is specified in the contracts, the timeframe and method for the refund are not specified and there is no mechanism in place to prevent any potential misuse of these funds by the counterparty or to ensure funds will be available when refund is due. We believe that entering into such MOUs with various governmental bodies is a common method of obtaining land use rights in the areas that we operate.

Although our right to refund may be specified in the relevant contracts, the collection process may be time consuming and would divert our management and financial resources especially if we have to protect our claims through litigation in the event of default. If our counterparties default in their obligations to refund our down payments or deposits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have experienced periods of net cash outflow from operating activities in the past and we cannot assure you that we will not experience periods of net cash outflow from operating activities in the future

We have experienced periods of net cash outflow from operating activities in the past. For the years ended 2007 and 2008 and the six months ended June 30, 2009, we had net cash outflow from operating activities in the amounts of RMB944.4 million, RMB388.8 million and RMB41.7 million, respectively. These were primarily due to cash expenditures on construction costs we have incurred prior to commencement of pre-sales as we significantly grew our portfolio of developments and reduced pre-sales related to project development schedules.

We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future. If we continue to have net cash outflow from operating activities in the future, our business, financial condition, results of operation and prospects may be materially and adversely affected.

We have experienced periods in which our current liabilities exceeded our current assets in the past and we cannot assure you that we will not experience periods of net current liabilities in the future

We had net current liabilities of RMB1,768.9 million, RMB569.4 million and RMB274.6 million as at December 31, 2006, 2007 and 2008, respectively, and had net current assets of RMB395.4 million as at June 30, 2009.

Our net current liabilities have been significantly affected by our rapid growth during the Track Record Period. Land use rights, properties under development and completed properties held for sale are recorded at cost while advance proceeds from customers is recorded at the realized price of presold properties. In the event that such figures represent the same project, the liabilities will generally be greater than the assets as recorded on the balance sheet. We expect to continue to develop more properties than are available for pre-sale in future periods. As such, we expect to maintain liabilities related to trade and other payables and advanced proceeds from customers, which will continue to result in net current liabilities going forward.

We cannot assure you that we will not experience periods of net current liabilities in the future. If we continue to have net current liabilities in the future, our working capital for purposes of our operations may be subject to constraints and it could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE PRC REAL ESTATE INDUSTRY

PRC Government policies, regulations and measures intended to slow down growth in the property sector may materially and adversely affect our business

Along with the economic growth in China, investments in the property sector have increased significantly in the past few years. In response to concerns over the increase in property investment, from 2004 to the first half of 2008, the PRC Government introduced policies with an intention to slowdown property developments which include:

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of the borrower's monthly income;
- charging an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land use rights grant contract and canceling land use rights for land idle for two years or more;
- revoking projects not in compliance with planning permits;
- suspending land provision for villa construction and restricting land supply for high-end residential property construction;
- imposing a business tax levy on sales proceeds from second-hand transfers, with the amount of levy dependent upon the type of property being transferred and the length of time such property was being held before it was transferred, starting from June 1, 2005;
- prohibiting any onward transfer of pre-sold properties before obtaining the ownership certificate;
- tightening regulations governing mortgage lending; and
- restricting approval of new development zones.

In May 2006, the Ministry of Construction, the NDRC, PBOC and other relevant PRC Government authorities jointly issued the Opinions on the Adjustment of Housing Supply Structure and Stabilization of Housing Prices (《關於調整住房供應結構穩定住房價格的意見》) (the "**May Opinions**"). The May Opinions reiterated the existing measures and introduced new measures designed to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures include, among other things:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 consist of units with a unit floor area of less than 90 sq.m. per unit and that

projects which have received project approvals prior to this date but have not obtained construction permits adjust their planning in order to be in compliance with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from this ratio under special circumstances upon approval from the Ministry of Construction;

- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying property if the underlying property is not for self-residential purpose, or has a unit floor area of 90 sq.m. or more, effective from June 1, 2006;

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

- prohibiting commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, as opposed to two years under the tax levy initially implemented in 2005.

On September 27, 2007, PBOC and CBRC promulgated a "Circular on Strengthening the Management of Commercial Real-estate Credit Loans" (《關於加強商業性房地產信貸管理的通知》), which increases the minimum down payment applicable to a purchaser acquiring a second residential property to 40.0% and the interests on these loans must not be less than 110.0% of the benchmark interest rate of the same kind and same period by the PBOC. Under this circular, the PRC authorities have tightened control over bank loans to property developers in order to prevent these banks from excessive credit granting. The circular emphasizes that commercial banks must not offer loans to property developers who have been verified by State land and resource and construction authorities to hold land and buildings. In addition, commercial banks are also banned from offering loans to projects that have less than 35.0% of capital funds (proprietary interests), or that fail to obtain land use rights certificates, planning permits for construction land, permits for commencement of construction works and planning permits for construction works. Commercial banks are also prohibited from accepting commodity properties that have been vacant for more than three years as guarantees for loans. In principle, property development loans provided by commercial banks should only be used for projects in the areas where the commercial banks are located. Otherwise, commercial banks should carry out effective risk control measures and make filings with PRC supervisory authorities before disbursement of the loans. Commercial banks are also prohibited from granting to property developers any loan that is to be used specifically for paying land use rights grant fees. Furthermore, commercial banks should only grant loans for payment of commercial properties that have passed the completion inspection and residential properties that have sealed the roofs of the main property structures.

On September 28, 2007, the Ministry of Land and Resources promulgated the Regulations on the Grant of State-owned Construction Land Use Rights for Construction through 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》). These regulations provide, among other things, that a land use rights grantee may only apply for land registration and the relevant land use rights certificates after it has paid the relevant land grant fees in full according to the provisions of the relevant land use rights grant contract, and that land use rights certificates will no longer be issued with respect to part of a land parcel only in proportion to part payment of the relevant land grant fees.

On October 31, 2007, MOC and the NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalogue (《外商投資產業指導目錄》), effective as at December 1, 2007, which provides, among other things, that the development and construction of ordinary residential properties will be removed from the category of industries for which foreign investment is encouraged and emphasizes that the development and construction of villa and high-end hotels by foreign invested enterprises is restricted. As we intend to construct a high-end hotel and 30 townhouses for our Xiamen Mingfa Harbor Resort, due to such restrictions, our ability to engage in the development of townhouses and high-end hotel properties may therefore be restricted.

The above measures impact the PRC real estate industry as a whole. However, we believe that we have not been directly affected by them and we are unable to quantify the impact of such measures on our performance. If the PRC Government implements similar restrictive measures in the future to curtail the growth of the property sector that have a direct impact on our operations, such measures could limit our access to capital resources, reduce market demand and increase our operating costs in adapting to these measures. This would also have a material adverse impact on our business, financial condition, results of operations and prospects.

Changes of laws and regulations with respect to pre-sale may adversely affect our cash flow position and performance

Cash flows from pre-sale of properties has been and will continue to be an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their developments. On August 5, 2005, PBOC issued a report entitled "2004 Real Estate Financing Report", in which it recommended to discontinue the practice of pre-selling uncompleted properties as such practice creates significant market risks and opportunities for malpractice and other forms of non-compliance. Although this and other PBOC recommendations have not been adopted by the PRC government, there can be no assurance that the PRC government will not impose a moratorium on pre-sales of uncompleted properties or implement further restrictions on pre-sales, such as imposing additional conditions for obtaining a pre-sale permit or further restrictions on the use of pre-sale proceeds. Any such measure will adversely affect our cash flow position and force us to seek alternative sources of funding for much of our property development business.

Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC Government

The PRC Government has introduced a number of policies and regulations aimed at regulating overseas investment in the real estate industry in the past few years in order to ease pressure on Renminbi appreciation.

On July 11, 2006, the Ministry of Construction, MOC and four other government departments jointly promulgated the *Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market* (《關於規範房地產市場外資准入和管理的意見》), which states that, among other things, a foreign entity or individual investing in Chinese real estate other than for self-use, must apply for the establishment of a foreign-invested real estate enterprise ("**FIREE**") in accordance with the applicable PRC laws and can only conduct operations within the authorized business scope. The opinion attempts to impose additional restrictions on the establishment and operation of a FIREE by measures including regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of a FIREE or the transfer of its projects and prohibiting the borrowing of money from domestic and foreign lenders where, among other things, the registered capital is not paid up or land use rights are not obtained. In addition, the opinion also limits the ability of certain foreign individuals to purchase residential properties in the PRC.

On May 23, 2007, MOC and SAFE issued the *Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Sector* (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) (the "**May Circular**"), which states that, among other things, a foreign investor must apply to establish FIREE in accordance with PRC laws if it plans to develop or operate real estate business in the PRC. The May Circular states that foreign investors cannot bypass the examination and approval requirements applicable to foreign-invested real estate businesses by changing the actual controllers of the domestic real estate enterprises in the PRC. If foreign-invested enterprises wish to engage in real estate development or operation business, or FIREEs wish to engage in new project development operations, they must apply to the relevant examination and approval authorities for their expansion of scope of business or scale of business operation.

On July 10, 2007, SAFE issued the *Circular of the General Affairs Department of SAFE on the Distribution of the List of the First Batch of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce* (《國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》). According to this circular, local branches of SAFE must not register any foreign debt of a foreign-invested real estate enterprise if it obtained approval for its new establishment or capital increase from the local MOC branches and filed with MOC after June 1, 2007. The local SAFE must not process any foreign exchange registration (or amendment of registration) or foreign exchange settlement for capital account items for a foreign-invested real estate enterprise that has been approved by the relevant MOC branches on or after June 1, 2007, but has not been filed with MOC. This circular is another restrictive measure taken by the PRC Government to limit foreign investment in PRC property market.

Pursuant to the requirements in the above circulars we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our business operations, engage in new project developments or operations or increase the registered capital of our PRC subsidiaries in the future. If the PRC Government issues further policies or regulations with a goal of further regulating or restricting foreign investment in the PRC real estate industry, and if these policies or regulations have a direct application on our Group's business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may be subject to fines and our land may be forfeited to the PRC Government if we fail to comply with the terms of the land use rights grant contracts

Under the relevant PRC law, if a developer fails to develop any land in accordance with the terms and conditions of the relevant land use rights grant contract (including those relating to the payment of land use rights grant premium, the specified use of the land, the construction commencement date and construction completion date), the relevant PRC government may issue a warning to or impose a penalty on such developer or order forfeiture of such land. Specifically, under the relevant PRC law, (i) for any idle land without commencement of construction for more than two years, the local government should, if required under the PRC law, order forfeiture of such idle land without any compensation, or take other actions to fully utilize such idle land, and (ii) for any idle land without commencement of construction for more than one year (but less than two years), the local government should levy certain idle land fees on idle land, especially for property development, the amount of which shall be equal to 20% of the land use rights grant premium paid for such idle land. Moreover, even if the development of certain land is conducted in accordance with the construction commencement date as stipulated in the land use rights grant contract, if (i) the actual developed land area of such land is less than one-third of its approved land development area or the actual total investments on the development of such land is less than one-fourth of its approved total investments, and (ii) the development of such land has been suspended for more than one year without any approval for such suspension from the relevant PRC government, such land will be also treated as idle land. For further information on idle land, please refer to the section headed "Industry Overview — Regulations" and Appendix V headed "Summary of PRC Principal Legal and Regulatory Provisions — Withdrawal of Land" of this prospectus.

In the past, we did not comply strictly with the terms of the relevant land use rights grant contracts, and the reasons and consequences of such instances are set out in the section headed "Business — Legal and Compliance Matters — (C) Obligations under Land Use Rights Grant Contracts" of this prospectus. We cannot assure you that delays in the development of any land leading to warnings, fines, penalties or forfeiture of land without any compensation will not arise in the future. If we are sanctioned in the future, among other things, against forfeiture of any land, we will not be able to continue the development of such forfeited land or recover the costs and expenses in connection with initial acquisition of land use rights of such forfeited land or recover the costs and expense in connection with subsequent development up to the forfeiture date of such forfeited land.

We are exposed to pre-sale related contractual and legal risks

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and PRC laws and regulations provide for remedies for breach of such undertakings. For example, if we pre-sell a property project fully or partially and we fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sold property project on time, our purchasers may seek compensation for late delivery pursuant to either their pre-sale contracts or PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate the pre-sale contracts and claim compensation. We cannot assure you that we will not experience significant delays in completion and delivery of our projects.

The property market in the PRC is at an early stage of development and is volatile

The property market in the PRC is still at an early stage of development, and social, political, economic, legal and other factors may affect its development. For example, the lack of a mature and active secondary market for private properties and the limited amount of, and approaches for, securing mortgage loans available to individuals in the PRC have been cited as factors which may inhibit demand for residential properties. We are, and expect to continue to be, dependent upon the growth of the urban middle and upper-middle classes in China. Our residential property developments, such as the Nanjing Mingfa Riverside New Town project and the Xiamen Mingli Garden project, are targeted towards residents with high or medium levels of disposable income with demand for our products and services. A significant downturn in the PRC economy could materially and adversely affect such demand, as well as the demand by corporations for our commercial properties. It is not possible to predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the markets we serve. The level of uncertainty is increased by the limited availability of accurate financial and market information, as well as the overall low level of transparency in the PRC.

The property market in the PRC is volatile and may experience undersupply or oversupply and property price fluctuations. The central and local governments frequently adjust monetary and other economic policies to prevent and curtail the overheating of the PRC national and local economies, and such economic adjustments may affect the property market in the PRC. From time to time, the central and local governments make policy adjustments and adopt new regulatory measures in a direct effort to control over-development in the property market in the PRC. In the last three years, the central and local governments have taken a variety of measures to discourage speculation in the residential property market and to increase the supply of affordable housing. Such policies may lead to changes in market conditions, including price instability and an imbalance of supply and demand in respect of office, residential, retail, entertainment and cultural properties, which may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that there will not be over-development in the real estate sector in China in the future and any such over-development may result in an oversupply of properties and a decrease in property prices, as well as an under-supply of available sites for future development and an increase in the cost of acquiring land in our markets, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The property market in the PRC is highly competitive and intense competition may materially and adversely affect our business, financial condition and results of operations

The property market in the PRC has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development market and begun to undertake development and investment projects in Fujian and Jiangsu Provinces and other regions of China that we may expand into. We will have to compete with these property developers, as well as with our existing and potential competitors, including state and private property developers in mainland China, as well as property developers from Hong Kong and overseas. Some of our competitors may have greater marketing, financial and technical resources than are available to us, as well as greater economies of scale, broader name recognition, longer track records and more established relationships in certain regions. For further information on our competitive position, please refer to the section headed "Business — Competition" of this prospectus.

Our properties in the cities of Nanjing and Xiamen and other cities face competition from similar properties in the same region. Increasing competition in these regions may lead to an increase in competition for choice sites, increased costs for the acquisition of land for development, an increase in supply of developed properties, decreased sales prices and a slowdown in the rate at which new real estate developments will be reviewed and approved by the relevant government authorities, all of which would materially and adversely affect our profitability. This competition may also affect our ability to attract and retain tenants and customers and may reduce the rents or prices we are able to charge. Competing properties may have vacancy rates higher than our properties, which may result in those competitors being willing to lease or sell available space at lower prices than the space in our properties. If we are unable to compete effectively, our business, financial condition, results of operations, operation and prospects could be materially and adversely affected. In addition, recent market downturns in the PRC may further suppress property prices. If we cannot respond to changes in market conditions in Fujian Province, Jiangsu Province or other regions as swiftly and effectively as our competitors, our business, financial condition, results of operations and prospects will be materially and adversely affected.

The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations

Our income from the sale of land use rights, buildings or related facilities on such land is subject to LAT, which is payable on the appreciation in value representing the balance of the proceeds received on such sales, after deducting various prescribed items, including payments made for acquisition of land use rights, the direct costs and expenses of the development of the land and construction of the buildings and structures, finance costs up to a maximum of 10% of the total land acquisition costs and development costs, the appraised price of any existing buildings and structures on the land and taxes related to the assignment of the property. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

On December 28, 2006, the SAT issued the *Notice on the Relevant Issues on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises* (《關於房地產開發企業土地增值稅清算管理有關問題的通知》). This notice came into effect on February 1, 2007 and provides further clarity on the application of LAT with respect to property development projects. First, the notice specified that taxpayers will be required to settle LAT for each property project developed, or if the project is developed in stages, for each stage of the project. Second, LAT should be imposed on taxpayers under the following conditions: (i) when a property development is completed and completely sold; (ii) when an unfinished property project that is subject to final accounts is wholly transferred to a third party; or (iii) when the taxpayer's land use rights is directly transferred. Finally, LAT may be imposed on taxpayers under the following additional conditions:

(i) where a real estate development has been completed and approved, if the area transferred is greater than 85% of the total saleable area of the development, or if the area transferred is less than 85%, and the retained area is leased or used by the developer; (ii) where a real estate development has not been sold on the expiration of three years from the date the advanced sale license was obtained; (iii) where a taxpayer has applied to write-off its tax registration but has not yet settled LAT; or (iv) where there are other circumstances as prescribed by the provincial tax authorities.

For the years ended December 31, 2006, 2007, and 2008 and the six months ended June 30, 2009, we recognized LAT expenses amounting to RMB730.4 million in aggregate, and during the Track Record Period, we have paid RMB57.2 million. Our current provision of LAT is based on our management's best estimates according to the understanding of the requirements as discussed above. However, the actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects and the PRC tax authorities may not agree with the basis on which we calculate our LAT obligations. We have not finalized our LAT calculation and payments with the tax authorities for our property development projects. There can be no assurance that the current provision of LAT is accurate and the final outcome could be different from the amounts that were initially recorded. In the event that our Group is required to settle any or all unpaid LAT, our cash flow and results of operations during the related period may be materially and adversely affected.

The current global economic slowdown, crisis in the global financial markets and volatility of property prices may negatively impact our business and our ability to obtain necessary financing for our operations

The current global economic slowdown and turmoil in the global financial markets that began in the middle of 2008 have resulted in a general credit crunch, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. This slowdown has caused a drop in property prices in certain parts of China, including in Fujian and Jiangsu Provinces where we operate and has also adversely impacted, and may continue to adversely impact, home owners and potential purchasers of our properties, all of which may lead to a decrease in the general demand for our properties and a decrease in our selling prices.

The current global financial crisis may also negatively impact our liquidity and our ability to obtain additional financing as well as our capital expenditure financing and working capital. You can find additional information on our liquidity and financial condition in the section headed "Financial Information — Liquidity and Capital Resources" of this prospectus. If the current global economic slowdown and financial market crisis continue, the demand for our properties and our ability to obtain necessary financing for our operations may decrease and our financial condition and results of operations may be materially adversely affected.

Any constructed portion of our properties under development or future property developments deemed by the local government authorities to be non-compliant may be subject to government approval and additional payments

Local government authorities inspect our real estate developments after the completion of construction and will issue *Completion and Inspection Certified Reports* (《竣工驗收備案表》) if they conclude our real estate developments are in compliance with the relevant laws and regulations. If the total GFA constructed exceeds the GFA originally authorized in the relevant land use rights grant contracts or government permits, or if the completed projects contain areas that do not conform with the plan as set forth in the relevant government permits, we may be required to pay additional amounts or take remedial action in relation to such non-compliant GFA before we are able to obtain the relevant Completion and Inspection Certified Report for the relevant real estate development.

We undertake construction in accordance with the relevant land use rights grant contracts or government permits, but we cannot assure you that the local government authorities will not find the total constructed GFA of our properties under development, or properties held for future development, to have exceeded the relevant authorized GFA under such contracts or permits upon completion of construction. Any finding that a substantial portion of such GFA does not comply with the relevant contracts or permits could have a material adverse impact on our business, financial condition, results of operations and prospects.

RISKS RELATING TO CHINA

Our business, financial condition and results of operations are heavily impacted by the political and economic situation in the PRC

Since 1978, China's GDP has grown at a rapid rate. In 2008, China's real GDP grew at the rate of 9.0%. We cannot assure you that such growth will continue in the future.

The PRC economy differs from the economies of most developed countries in many respects, including structure, government involvement, level of development, economic growth rate, control of foreign exchange, allocation of resources and balance of payment position. For the past three decades, the PRC Government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on the PRC's overall long-term development, we cannot predict whether changes in the economic, political and social conditions of the PRC will materially and adversely affect our current or future business, financial condition, results of operations or prospects. Moreover, even if new policies may benefit us in the long term, we cannot assure you that we will be able to successfully adjust to such policies. If there is a further slowdown in the economic growth of the PRC, or if the PRC economy experiences a recession, demand for our products may also decrease and our business, financial condition, results of operations and operations may be materially and adversely affected.

In addition, demand for our products may be affected by a variety of factors, many of which may be beyond our control, including:

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

Any significant changes in relation to any of these factors may materially and adversely affect our business, financial condition, results of operations and prospects.

Fluctuations in the value of RMB may have a material adverse impact on your investment

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC. On July 21, 2005, the PRC Government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an appreciation of the RMB against the U.S. dollar. For example, an appreciation of the RMB against the U.S. dollar would make any new RMB denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into RMB for such purposes. Therefore, any significant revaluation of RMB may materially and adversely affect our liquidity, revenues, earnings and financial position, and the value of, and any dividends payable on, the Shares in foreign currency terms.

Governmental control of currency conversion may affect the value of your investment

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

China's legal system is still developing and there are inherent uncertainties that may affect the protection afforded to our business and shareholders

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

We are a holding company that substantially relies on dividend payments from our subsidiaries for funding, and our corporate structure may limit our ability to receive dividends from, and transfer funds to, our PRC subsidiaries, which could restrict our ability to act in response to changing market conditions and reallocate funds from one affiliated PRC entity to another in a timely manner

We are a holding company incorporated in the Cayman Islands and operate our core business through our subsidiaries in China. Therefore, the availability of funds to us to pay dividends to our shareholders and to service our indebtedness depends upon dividends received from these subsidiaries. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profits as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders and to service our indebtedness.

Distribution by our PRC subsidiaries to us other than as dividends may be subject to governmental approval and taxation. Any transfer of funds from our Company to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including the relevant administration of foreign exchange or the relevant examining and approval authority. In addition, it is not permitted under PRC laws for our PRC subsidiaries to directly lend money to each other. Therefore, it is difficult to change our plans with respect to the use of funds or capital expenditure plans once the relevant funds have been remitted from our Company to our PRC subsidiaries. These limitations on the free flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions and reallocate funds from one PRC subsidiary to another in a timely manner.

The national and regional economies in China and our prospects may be materially and adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as avian flu or human swine flu

Some regions in China, including the cities where we operate, are susceptible to epidemics such as Severe Acute Respiratory Syndrome or SARS. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1), especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may materially and adversely affect our business, financial condition, results of operations and prospects.

It may be difficult to enforce against us in the PRC any judgments obtained from non-PRC courts

All of our assets and our subsidiaries are located in the PRC. In addition, most of our Directors and officers reside in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our Directors and officers, including matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. The PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States and most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in these jurisdictions is subject to uncertainties.

Acts of God, acts of war and other disasters could affect our business, financial condition and results of operations

Natural disasters, epidemics and other acts of God which are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of the PRC. Many major cities in the PRC are under the threat of flood, earthquake, sandstorm or drought. Our business, operating results and financial condition may be materially and adversely affected if such natural disasters occur. In addition, acts of war and terrorist attacks, or the perception that such acts or attacks may occur, could materially and adversely impact our business, financial condition, results of operations and prospects. Potential war or terrorist attacks, or the perception that such act or attacks may occur, may also cause uncertainty and cause our business, financial condition and results of operations to suffer in ways that we cannot currently predict.

Change of tax law may subject us to a higher income tax rate

Under the new *PRC Enterprise Income Tax Law* effective January 1, 2008 (the "**New EIT Law**"), enterprises organized under the laws of jurisdictions outside China with their de facto management bodies located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. Under the *Implementation Rules for the New EIT Law*, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. As substantially all of our management continues to be located in China after the effective date of the new tax law, we may be considered a PRC resident enterprise and therefore subject to PRC enterprise income tax at the rate of 25% on our worldwide income, which will include the dividend income we receive from our subsidiaries. In addition, although the New EIT Law provides that "dividend income between qualified resident enterprises" is exempted income, it is not clear what "qualified resident enterprise" is considered under the New EIT Law.

Gains on the sales of our Shares may become subject to PRC income taxes

Under the New EIT Law and its implementation rules, our foreign corporate shareholders may be subject to a 10% income tax upon any gains they realize from the transfer of their Shares, if such income is regarded as income from "sources within the PRC". What will constitute "sources within the PRC" and whether or not there will be any exemption or reduction in taxation for our foreign corporate investor, however, are unclear since no rules or guidance concerning the New EIT Law in this regard has been issued yet. If our foreign shareholders are required to pay PRC income tax on the transfers of the Shares that they hold, the value of our foreign shareholders' investment in our Shares may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no market for our Shares prior to the Global Offering and the Global Offering may not result in an active or liquid market for the Shares, which could adversely affect their market price

Before the Global Offering, there has not been a public market for our Shares. The Offer Price for our Shares is expected to be fixed by agreement between, among others, the Joint Bookrunners (on behalf of the Underwriters) and us and may differ significantly from the market price for the Shares following the Global Offering. Application has been made to list our Shares on the Stock Exchange but an active public market may not develop or be sustained after the Global Offering. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be materially and adversely affected.

The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices may be volatile

The Offer Price for the Offer Shares will be determined on the Price Determination Date by, among others, us and the Joint Bookrunners (on behalf of the Underwriters). Our Shares will not commence trading on the Stock Exchange until they are delivered, which we expect to occur on or before the fifth Business Day after the Price Determination Date. The Offer Price for the Offer Shares may not be indicative of prices that will prevail in the trading market. Investors may not be able to resell their Shares at or above the Offer Price. The financial markets in Hong Kong and other countries have experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

Future sales of substantial amounts of our securities in the public market (or transactions perceived as sales) could have a material adverse impact on the prevailing market price of our Shares

The market price of the Offer Shares could decline as a result of future sales of substantial amounts of Shares or other securities relating to the Offer Shares in the public market or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sales of substantial amounts of our securities, including any future offerings, or the perception that such sales are likely to occur, may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem to be appropriate.

In addition, the Shares held by our Controlling Shareholders are subject to a lock-up period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, details of which are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Undertakings" of this prospectus. While we are not aware of any intentions of these shareholders to dispose of significant amounts of their Shares after the completion of the lock-up periods, we are not in a position to give any assurances that they will not dispose of any Shares they may own. Future sales of substantial amounts of our Shares by our Controlling Shareholders following the completion of the relevant lock-up periods could materially and adversely affect the prevailing market price of our Shares.

We may be unable to pay any dividends on our Shares

Our Directors may declare dividends after taking into account certain factors, details of which are stated in the section headed "Financial Information — Dividend Policy" of this prospectus, there is no assurance that dividends will be distributed at all or in any particular form. We are only allowed to pay dividends out of our profit, in accordance with the Companies Law, or from any reserves set aside from profits which the Directors determine are no longer needed. The declaration of dividends is subject to the discretion of our Directors and our ability to pay dividends will depend on our general business conditions, financial results, capital requirements, interests of our Shareholders and any other factors which our Directors may deem relevant.

Forward-looking information may prove inaccurate

This prospectus includes certain forward-looking statements and information relating to us and our operations and prospectus that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "anticipate", "believe", "estimate", "expect", "intend", "going forward", "plan" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We undertake no obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

Certain facts and statistics from official sources contained in this prospectus have come from various government official publications whose reliability cannot be assumed or assured

Facts and statistics from official sources contained in this prospectus are derived from various publicly available government official publications and generally believed to be reliable. However, we cannot guarantee the quality and reliability of these publications. Whilst our Directors and the Joint Sponsors have taken reasonable care to ensure that the facts and statistics in this prospectus are accurately reproduced from other respective official sources, these facts and statistics have not been independently verified by us. Our Company, the Joint Sponsors, the Underwriters, their respective directors and advisers or any other parties involved in the Global Offering do not make any representations as to the accuracy or any other facts and statistics derived from government official publications, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics derived from government official publications may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or complied on the same basis or with the same degree of accuracy as may be the case elsewhere.

As the Offer Price is higher than the net tangible asset value per Share, the value of any Shares you buy will be diluted immediately

The Offer Price is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the net tangible asset value of HK$1.73 per Share (assuming an Offer Price of HK$2.45 per Share, which is the mid-point of our indicative offer price range), and our Controlling Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if we obtain additional capital in the future through equity offerings at a price which is lower than the net tangible assets book value per share at the time of the offerings.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press article or other media regarding us and the Global Offering, including, in particular, any projections, valuations or other forward-looking information

There has been press and media coverage regarding us and the Global Offering in Hong Kong, including those in the Hong Kong Economic Times on October 8, 2009, in the Apple Daily on

October 9, 2009, in the Ming Pao daily newspaper on October 13, 2009, and in the Sing Pao daily newspaper on October 16, 2009, respectively, which included certain information about us and the Global Offering that does not appear in this prospectus. We have not authorized any such press and media reports, and the financial information, financial projections, valuations and other information about us contained in such unauthorized press and media coverage may not truly reflect what is disclosed in this prospectus. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, including the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us or any assumptions underlying such projections, valuations or other forward-looking information, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. To the extent that any such information appearing in the press and media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.