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OVERVIEW

We focus on high-end residential property developments and are one of the leading property developers in Fujian Province according to the China Real Estate Top 10 Research Team (an independent research team established in 2003 that consists of 27 core members including the Enterprise Research Institute of the Development Center of the State Council, the Real Estate Research Institute of Tsinghua University, the China Index Academy and the China Real Estate Association). Headquartered in Xiamen, we focus on the development of high-end residential property developments in the more prosperous regions of Fujian Province in the Western Taiwan Strait Economic Zone, including the greater metropolitan areas of Xiamen, Quanzhou and Zhangzhou, and Fuzhou. These four regions together accounted for approximately 69.8% of Fujian Province's GDP in 2008. In addition, we are also expanding into selected areas in the Bohai Economic Rim and the Pearl River Delta Economic Zone that we believe have similar, if not higher, growth potential as compared to Xiamen, Quanzhou, Fuzhou and Zhangzhou.

According to the research reports prepared by the China Real Estate Top 10 Research Team (none of which were commissioned by us), we were one of the "Top 100 Real Estate Developers in China" in 2008 and 2009, based on a number of factors including scale, profitability and growth rate. We were also named as one of the "Stars of the China Top 100 Real Estate Developers" in 2008 and 2009 in the same reports based on factors including our corporate culture, development strategy and high level of professionalism.

As of November 30, 2009, we had a land bank with an aggregate GFA and planned GFA of 6,876,063 sq.m. (including approximately 4,826,943 sq.m. of GFA and planned GFA attributable to us on the basis of our effective interest in the relevant parcels of land) comprising (i) completed projects held for sale or investment with an aggregate GFA of approximately 220,298 sq.m., projects under development with an aggregate planned GFA of approximately 1,248,419 sq.m. and projects held for future development with an aggregate planned GFA of approximately 3,749,920 sq.m., for all of which we have obtained the relevant land use rights certificates, (ii) projects with an aggregate planned GFA of approximately 209,543 sq.m. for which we had entered into land use rights grant contracts or for which we had successfully tendered for the land but had not yet obtained land use rights certificates, and (iii) projects with an aggregate planned GFA of approximately 1,447,883 sq.m. for which we had entered into master agreements with local governments but had not concluded the public tender process and/or entered into relevant land grant contracts. Among these, an aggregate GFA and planned GFA of approximately 5,786,154 sq.m., including an aggregate GFA and planned GFA of approximately 4,120,661 sq.m. attributable to us on the basis of our effective interest in the relevant parcels of land, representing approximately 84.1% and 85.4% of our total GFA and planned GFA, and total GFA and planned GFA attributable to us, respectively, is located in the greater metropolitan areas of Xiamen, Quanzhou and Zhangzhou, and Fuzhou in Fujian Province, and the remainder of our land bank is located in Beijing and Shanxi Province in the Bohai Economic Rim and Guangdong Province in the Pearl River Delta Economic Zone. We believe that our current land bank will be sufficient to meet our development and construction needs for approximately three to five years.

Fujian Province is located directly across the Taiwan Strait on China's eastern coast, and is adjacent to the Pearl River Delta and the Yangtze River Delta economic zones. Situated in the heart of South East China, we believe Fujian Province is the key constituent of the Western Taiwan Strait

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Economic Zone, one of the focus areas for future development in the PRC according to the “Several Opinions on supporting Fujian Province to accelerate the development of the Western Taiwan Strait Economic Zone” (關於支持福建省加快建設海峽西岸經濟區的若干意見) issued by the State Council on May 6, 2009. We believe the province will continue to enjoy strong economic growth and will strengthen its position as one of the more developed provinces within the PRC in terms of GDP growth. We are of the view that the property market in Fujian Province will benefit from the overall economic growth of the province. In addition, Fujian Province is estimated to be the place of origin of more than 10 million overseas Chinese whom we believe will promote further growth in GDP of Fujian Province and will also become potential buyers of properties as they invest in other businesses in the province. We believe we are in a strong position to capitalize on any resultant increase in demand for properties, particularly in the greater metropolitan areas of Xiamen, Quanzhou and Zhangzhou, and Fuzhou.

Our property development projects are generally situated in what we believe are prime locations in major cities in Fujian Province, Beijing, Linfen in Shanxi Province and Shenzhen in Guangdong Province. We believe one of our strengths is our ability to acquire land situated in locations with long term appreciation potential at relatively low costs, transform them into high-end property development projects through high-quality design and construction and sell such properties to our targeted customers. Our targeted customers are primarily individuals with relatively high disposable income, who aim to enjoy a high standard of living at reasonable costs. We also consider investing in certain low to medium-cost properties after consideration of a number of factors, including turnover rate and cash flow.

OUR COMPETITIVE STRENGTHS

Leading property developer in Fujian Province and a proven track record in other regions in China

We are one of the leading property developers in Fujian Province according to the China Real Estate Top 10 Research Team based on a number of factors including scale, profitability and growth rate. Our property development projects are located primarily in the greater metropolitan areas of Xiamen, Quanzhou and Zhangzhou, and Fuzhou, which are among the most prosperous regions in Fujian Province in terms of per capita GDP and annual urban disposable income.

As of November 30, 2009, we delivered nine property development projects in Fujian Province with an aggregate completed GFA of 622,770 sq.m.

We currently have a land bank with an aggregate planned GFA of approximately 5,786,154 sq.m., including 4,120,661 sq.m. of total planned GFA attributable to us on the basis of our effective interest in the relevant pieces of land, in Xiamen, Quanzhou, Zhangzhou and Fuzhou in Fujian Province as of November 30, 2009, representing approximately 84.1% of our total land bank.

As a result of the “Several Opinions on supporting Fujian Province to accelerate the development of the Western Taiwan Strait Economic Zone” (關於支持福建省加快建設海峽西岸經濟區的若干意見) issued by the State Council on May 6, 2009, it is expected that Fujian Province, which we believe to be

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the key constituent of the Western Taiwan Strait Economic Zone, will continue to experience strong economic growth. We believe that as most of our property development projects are located in Fujian Province, we are well positioned to capitalize on and benefit from any such future economic development and growth in Fujian Province and in particular, the Western Taiwan Strait Economic Zone.

In addition to our property development projects in Fujian Province, we have also expanded our business into other key cities and regions in China. In particular, we believe that the World City project in Beijing, which has received wide recognition, has demonstrated our ability to draw on our experience in Fujian and apply it to our business operations into other cities. As of November 30, 2009, we have also expanded our business into Linfen in Shanxi Province and Shenzhen in Guangdong Province.

Professional, detail-oriented and comprehensive project management system and a commitment to high-quality standards and strict financial discipline

We have a project management system that helps us to maintain the high-quality standards of our properties, minimize any deviation from pre-approved budgets and identify and resolve potential problems as early as possible in the project development cycle. Such project management system comprises a set of detailed policies and guidelines in relation to property development that emphasize effective cost control and delivery of high-quality properties. These policies take into account the substantial input from, and constant monitoring and supervision by, various departments in each stage of our project development. Our Directors are of the view that through our professional, detail-oriented and comprehensive project management system, which we have developed over a number of years, we can effectively control costs and minimize execution risks in the development process while maintaining the high quality of our property development projects.

Sufficient land bank in locations with long-term appreciation value acquired at a relatively early stage to support our future development

We acquire land for future development in areas where we believe the land has appreciated and will continue to appreciate in value. Due to the experience of our management team, we believe we have been able to acquire our land bank before it has appreciated, which results in relatively lower land acquisition costs for our property development projects with significant appreciation potential. During the Track Record Period, our average unit land acquisition cost based on GFA represented 16.9% of our average unit selling price based on GFA.

As of November 30, 2009, we had an aggregate planned GFA of approximately 1,248,419 sq.m. under development and an aggregate planned GFA of approximately 3,749,920 sq.m. held for future development, for all of which we have obtained the relevant land use rights certificates. In addition, as of November 30, 2009, we had entered into land use rights grant contracts or had successfully tendered the land for the relevant projects with an aggregate planned GFA of approximately 209,543 sq.m. for which we had not yet obtained the land use rights certificates, and projects with an aggregate planned GFA of approximately 1,447,883 sq.m. for which we had entered into master agreements with local governments but had not concluded the public tender process and/or entered into relevant land grant contracts. Our Directors believe that our land bank is situated at locations that possess long-term appreciation value and will be sufficient to meet our development and construction needs for the next three to five years.

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Strong brand recognition and a reputation for high-quality products which allow us to enjoy a high level of customer loyalty and pricing advantage

Our Directors believe that we have established a reputable brand in Fujian Province for developing high-quality products and providing high-quality pre- and post-sale services to our customers. In recognition of our strong brand, we received the “China’s Brandname Real Estate Enterprise” (中國地產品牌企業), and the “Famous Trademark in Xiamen” (廈門市著名商標) awards in 2006 and 2009, respectively.

Our Directors further believe that our commitment to offer high-quality products and services to our customers, enhances the inherent value of our brand, and enables us to price our property developments at a premium price compared to other property developments in similar locations. Our commitment to quality also contributes to customer loyalty as demonstrated by the fact that 10.5% of the residents of Seashore Suite No. 1 are our repeat customers who have acquired one or more additional properties from our property development projects in the past.

We also have a long-term working relationship with internationally-known construction and landscape designers such as Belt Collins International (HK) Limited and Beijing Dahlin Architecture Planning Consultant Company Ltd, and leading regional construction contractors such as Fujian Hui Wu Construction and Engineering Company Limited (福建省惠五建設工程有限公司) and Fujian Min Nan Construction and Engineering Company Limited (福建省閩南建設工程有限公司). We believe these relationships have enabled us to offer high-quality properties to our customers, as evidenced from the quality-related awards from government affiliated or quasi-governmental trade associations that our property development projects have received, including the “Second Prize for the National Excellent Engineering and Construction Quality Management Team” (全國工程建設優秀質量管理小組二等獎) from the Review Panel of the National Engineering and Construction Quality Prize for our Seashore Suite No.1 project and the “High Quality Construction of Xiamen” (廈門市優良工程) award from the Xiamen Engineering and Construction Quality and Safety Management Association for all 15 buildings of our Sapphire Peninsula (Xiamen) project.

In addition to property development, we also provide property management services to a number of our properties in order to offer dedicated post-sales services to our customers after our properties have been delivered. In this regard, we occasionally engage the services of external property management consultants, such as DTZ and Savills, to provide property management advice, which we believe allows us to offer high-quality services to residents of our properties.

Experienced and professional management team and high-quality work-force

Our management team has extensive experience in the PRC real estate and property development industry, in particular, in Fujian Province. Over the past three years, our key management members have remained substantially unchanged.

Our Chairman, Mr. Wong, who plays a pivotal role in managing our daily operations and in formulating our business strategies, has more than 13 years of experience in the property development industry. Through his business experience with leading Japanese joint venture partners (Sumitomo (S.H.I.) Construction Machinery Co., Ltd. and IHI Construction Machinery Limited) in connection with his

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businesses outside of the Group, Mr. Wong has acquired abundant experience in developing and maintaining a professional, detail-oriented and well-rounded management culture and has been able to develop a similar culture of discipline amongst our Group's management. Other members of our management team are also highly experienced based on their previous roles with internationally renowned enterprises, large state-owned enterprises and other large scale property developers.

Our management team is supported by teams of well-trained and highly motivated professionals. We are selective in our hiring process and endeavor to recruit and train employees who have the potential to become our long-term and effective management staff. We have an incentive scheme combining both a performance-based bonus and a career development platform. We believe that recruiting and retaining top talent with local knowledge and overseas experience have enabled us to capitalize on their collective expertise in the PRC property markets.

OUR BUSINESS STRATEGIES

Selectively expand our operations into other growth areas in China and further strengthen our leading position in the residential property development market in Fujian Province

We intend to draw on our experience in Fujian Province to expand our operations in selected growth areas in China, such as the Bohai Economic Rim and the Pearl River Delta Economic Zone, when suitable opportunities arise. As of November 30, 2009, we have expanded our business into Beijing, Linfen in Shanxi Province and Shenzhen in Guangdong Province and had a land bank in these areas of 1,089,909 sq.m.

Additionally, on May 6, 2009, the State Council promulgated the "Several Opinions on supporting Fujian Province to accelerate the development of the Western Taiwan Strait Economic Zone" (關於支持福建省加快建設海峽西岸經濟區的若干意見), which we believe will contribute to a substantial increase in economic activities in Fujian Province and result in a greater demand for the types of property we develop. To capitalize on the economic development in Fujian Province, particularly in the greater metropolitan areas of Xiamen, Quanzhou and Zhangzhou, and Fuzhou, we intend to continue to leverage on our brand recognition and leading position to increase our land bank and property development projects in these areas in order to further strengthen our market position and increase our market share.

Continue to focus primarily on residential property development while achieving an optimal business portfolio to diversify income streams

The residential property development business has been, and will continue to be, our core business segment. However, we intend to diversify and enhance the stability of our future revenue streams by further expanding within the high-end commercial property sectors. We believe that such business diversification can enable us to generate recurring rental income through our retention of commercial property assets for long-term investment purposes and allow us to reduce our reliance on any single type

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of property development. In particular, given the increasing importance of the service industry in China's economy and the growing interest of institutional investors with respect to investment opportunities in commercial properties in China, we believe market demand for high-quality commercial properties in China will continue to grow.

Continue to expand our land bank prudently through multiple channels

We intend to continue to expand our land bank in strategic locations through a variety of channels including participating in open tenders, acquiring project companies that have access to suitable sites, establishing joint ventures with other property developers and participating in urban redevelopment projects. In doing so, we intend to continue to employ a strategy of gradual and prudent land bank expansion, make investment decisions based on thorough research and analysis and balancing a number of important factors, including the expected return of the project, the future growth prospects of the project location and our financial capacity.

Further optimize our capital and financing structure

Our business requires large amounts of capital to fund projects. It is important to our financial condition to obtain the most favorable terms available to us. We aim to continue to optimize our capital and financing structure to secure sufficient financing for our future property development projects through a combination of increasing our retained earnings and gaining access to the capital and debt markets. We intend to continue to implement prudent business development and financial management strategies to effectively deploy our capital in an effort to maximize returns for our Shareholders.

Further enhance our brand recognition and distinguish ourselves from our competitors

We believe we have established a reputable brand in the market that is associated with high-quality products and that enables us to enjoy a competitive advantage over our competitors in terms of pricing of our products. We intend to continue to devote ourselves to developing high-quality and innovative property projects, such as developing landmark properties in prime locations, in order to further enhance our brand recognition.

We also recognize that customer loyalty is a key factor to our success. We intend to strive to continue to provide highly professional property management services to our customers in order to preserve the long-term value of our property developments and maintain our brand recognition. As part of this strategy, we intend to provide property management services to all of our future property developments.

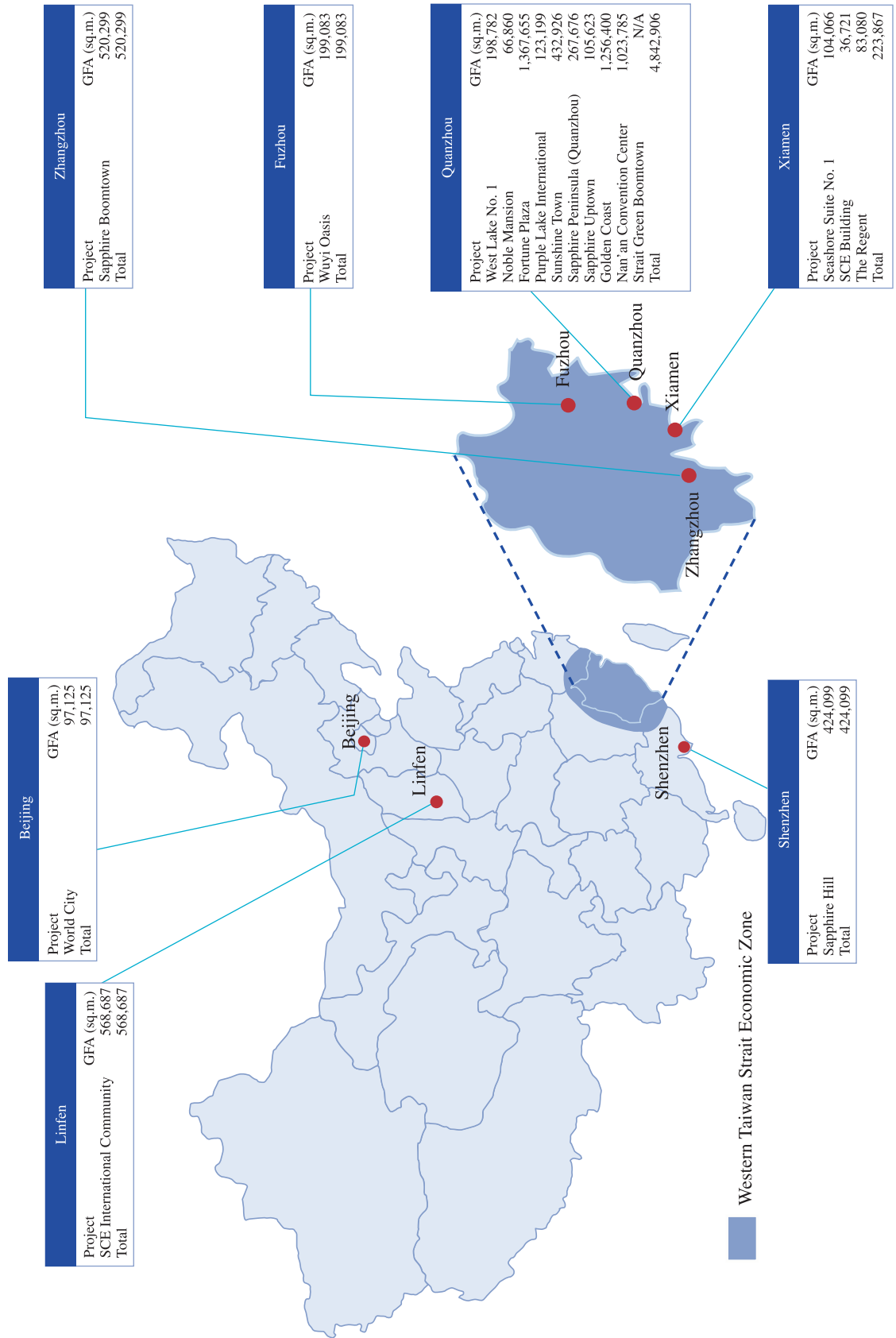
OUR PROPERTY DEVELOPMENT BUSINESS

Overview

As of November 30, 2009, we had a total of 18 property development projects in various stages of development. Of the 18 property development projects, 15 are located in Fujian Province. The remaining three projects are located in Beijing, Linfen in Shanxi Province and Shenzhen in Guangdong Province.

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The following map shows the geographic locations of our 18 property development projects that comprise our land bank as of November 30, 2009:



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Most of our property development projects are developed in multiple phases and each phase may be in a different stage of development. As of November 30, 2009, our land bank comprised 18 property development projects at various stages of development, which are classified into the following five categories:

Completed projects held for sale or investment — we consider that a property development project is completed and held for sale or investment if we have received the completion and acceptance certificate for the property but have not delivered the property as of November 30, 2009. As of November 30, 2009, we have also obtained the building ownership certificates for all completed projects held for sale or investment.

Projects under development — we consider that a property development project is under development after the construction commencement permit has been issued but prior to the receipt of the completion and acceptance certificate as of November 30, 2009.

Projects held for future development — we consider that a property development project is held for future development if the relevant land use rights certificates have been obtained but the construction commencement permit has not been issued as of November 30, 2009.

Projects contracted to be acquired — we consider that a property development project is contracted to be acquired when we have entered into the land grant contract or have successfully tendered the parcel of land but have not yet obtained the land use rights certificate as of November 30, 2009.

Projects to be acquired for future development — we consider that a property development project is acquired for future development when we have entered into a master agreement with the local government but have not concluded the public tender process and entered into relevant land grant contracts as of November 30, 2009. The master agreements are legally binding, but after signing such master agreements, in order to obtain the land use rights certificate, we are still required by relevant PRC laws and regulations to go through a process which may involve a public tender, auction or listing for bidding, and, if successful, entering into a land grant contract and paying the relevant land premium. We have not paid any consideration in connection with entering into these master agreements although we may be required to incur certain costs (such as land compensation fees, relocation fees and design fees) pursuant to the master agreements which, depending on the terms of these master agreements, may not be recoverable in the event that we fail to win the bid for the relevant land in the subsequent public tender, auction or bidding process or to obtain the relevant government approvals. Please refer to the section headed “Projects to be acquired for future development” below for further details of these master agreements. We cannot guarantee that we will be successful in securing the land grant contracts and obtaining the relevant land use rights in respect of these projects for which we have only signed a master agreement, or that we will obtain the relevant approvals in accordance with our expected development schedule. Nevertheless, by entering into these master agreements, we can participate in the urban redevelopment or government regional planning work during the preliminary stage of these projects. Through this process, we are able to gain further insights into the local property market and a better understanding of the demand and availability of land, which in turn may provide us with a relative advantage in winning future tenders.

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As of November 30, 2009, our land bank had an aggregate GFA of approximately 6,876,063 sq.m. Our completed projects held for sale or investment had a total GFA of approximately 220,298 sq.m., our projects under development had a total planned GFA of approximately 1,248,419 sq.m., our projects held for future development had a total planned GFA of approximately 3,749,920 sq.m., our projects contracted to be acquired had a total planned GFA of approximately 209,543 sq.m. and our projects to be acquired for future development had a total planned GFA of approximately 1,447,883 sq.m.

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The following tables set out details of our property development projects as of November 30, 2009 in accordance with the classifications above:

Project name	Location	Total GFA (sq.m.)	GFA sold and delivered as of November 30, 2009 (sq.m.)	GFA pre-sold and undelivered as of November 30, 2009 (sq.m.)	Land Bank						Construction commencement/Expected date of construction commencement	Construction Completed/ completion time	Pre-sales commencement date	Interest attributable to us (%)	Reference to valuation report (Property number)
					Total saleable/ leasable unsold GFA (sq.m.)										
					Residential	Retail	Carpark	Office	Hotel	Others (sq.m.)					
Completed projects held for sale or investment															
SCE Building (Phase 1)	Xiamen	6,037	—	—	—	—	4,922	—	—	—	—	February 2008	—	95%	2, 9
Seashore Suite No.1	Xiamen	104,066	—	101,707	—	—	923	—	—	1,436	November 2006	August 2009	April 2007	100%	13
World City	Beijing	118,848	21,723	38,207	—	31,252	3,071	5,143	—	19,452	November 2006	November 2008	November 2006	100%	3, 8, 11
Wuyi Oasis (Phase 1 and 2)	Fuzhou	17,261	4,791	—	441	1,689	10,340	—	—	—	December 2003	October 2008	March 2004	50%	12
Sub-total		246,812	26,514	139,913	441	32,941	16,050	10,065	—	20,888					
Projects under development															
Wuyi Oasis (Phase 3)	Fuzhou	186,613	—	157,418	6,572	—	17,680	—	—	4,943	September 2007	March 2010	May 2008	50%	21
Noble Mansion	Quanzhou	66,860	—	52,223	5,854	611	6,827	—	—	1,345	August 2007	December 2009	April 2008	30%	14
West Lake No.1	Quanzhou	186,782	—	109,816	44,789	7,866	30,290	—	—	6,011	January 2008	December 2010	April 2008	100%	15
Fortune Plaza (Phase 1)	Quanzhou	251,057	—	—	181,452	6,465	53,884	—	—	9,266	November 2008	December 2011	May 2010	58%	19
Sunshine Town (Phase 1)	Nan'an, Quanzhou	215,462	—	—	187,978	7,527	12,820	—	—	7,138	May 2009	September 2011	March 2010	100%	17
Sapphire Uptown	Nan'an, Quanzhou	105,623	—	—	78,587	8,282	16,069	—	—	2,705	October 2008	December 2010	December 2009	51%	18
Sapphire Peninsula (Quanzhou) (Phase 1)	Quanzhou	141,213	—	—	97,940	3,549	35,155	—	—	4,570	July 2009	May 2012	October 2010	100%	16
SCE International Community (Phase 1)	Linfen	82,809	—	—	64,781	5,063	11,807	—	—	1,158	November 2009	January 2011	February 2010	60%	20
Sub-total		1,248,419	—	319,457	687,962	39,332	184,532	—	—	37,135					
Projects held for future development															
SCE Building (Phase 2)	Xiamen	30,084	—	—	—	—	5,305	24,779	—	—	December 2010	November 2012	—	95%	22
Fortune Plaza (Phase 2)	Quanzhou	589,749	—	—	421,574	27,044	124,747	—	—	16,384	June 2010	December 2012	January 2011	58%	26
Fortune Plaza (Phase 3)	Quanzhou	526,849	—	—	26,603	246,104	130,964	—	123,178	—	January 2012	December 2013	June 2012	58%	27
Purple Lake International (Phase 1)	Jinjiang, Quanzhou	62,217	—	—	39,140	—	22,937	—	—	140	January 2010	September 2011	March 2010	49%	25
Purple Lake International (Phase 2)	Jinjiang, Quanzhou	60,982	—	—	44,482	—	16,501	—	—	—	March 2010	August 2012	October 2010	49%	25
Sunshine Town (Phase 2)	Nan'an, Quanzhou	217,464	—	—	189,590	1,852	23,892	—	—	2,129	May 2010	November 2012	May 2011	100%	24
Golden Coast (Phase 1)	Shishi, Quanzhou	444,600	—	—	247,050	108,460	66,000	—	23,100	—	May 2010	December 2012	October 2010	45%	29
Golden Coast (Phase 2)	Shishi, Quanzhou	81,800	—	—	606,600	—	108,000	—	97,200	—	January 2011	December 2014	June 2011	45%	29
Sapphire Boomtown (Phase 1)	Zhangzhou	95,435	—	—	54,873	2,800	24,098	—	—	13,533	January 2010	August 2011	March 2010	80%	28
Sapphire Boomtown (Phase 2)	Zhangzhou	150,726	—	—	117,388	9,103	21,963	—	—	2,662	March 2010	November 2011	May 2010	80%	28
Sapphire Boomtown (Phase 3)	Zhangzhou	169,520	—	—	137,522	11,160	20,838	—	—	—	September 2010	September 2012	January 2011	80%	28
Sapphire Boomtown (Phase 4)	Zhangzhou	104,618	—	—	82,781	6,074	14,863	—	—	900	December 2010	November 2012	May 2011	80%	28
SCE International Community (Phase 2)	Linfen	38,660	—	—	28,000	6,346	4,314	—	—	—	February 2010	June 2011	May 2010	60%	23
SCE International Community (Phase 3)	Linfen	55,623	—	—	38,371	10,112	7,140	—	—	—	December 2010	June 2012	March 2011	60%	23
SCE International Community (Phase 4)	Linfen	289,531	—	—	215,862	24,528	49,140	—	—	—	December 2011	June 2013	March 2012	60%	23
SCE International Community (Phase 5)	Linfen	92,246	—	—	70,284	12,402	9,560	—	—	—	October 2012	June 2014	March 2013	60%	23
SCE International Community (Phase 6)	Linfen	9,818	—	—	6,424	2,433	960	—	—	—	February 2013	November 2014	May 2013	60%	23
Sub-total		3,749,920	—	—	2,326,556	468,539	650,820	24,779	243,478	35,749					

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Project name	Location	Total GFA (sq.m.)	GFA sold or delivered as of November 30, 2009 (sq.m.)	GFA pre-sold undelivered as of November 30, 2009 (sq.m.)	Total saleable/ leaseable unsold GFA (sq.m.)					Construction commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement date	Interest attributable to us (%)	Reference to valuation report (Property number)
					Land Bank									
					Residential	Retail	Carpark	Office	Hotel					
Projects contracted to be acquired														
The Regent.....	Xiamen	83,080	—	—	—	—	—	—	—	—	—	—	—	31
Sapphire Peninsula (Quanzhou) (Phase 2).....	Quanzhou	126,463	—	—	—	—	—	—	—	—	—	—	—	30
Sub-total.....		209,543	—	—	—	—	—	—	—	—	—	—	—	
Projects to be acquired for future development														
Nan'an Convention Center.....	Nan'an, Quanzhou	1,023,765	—	—	—	—	—	—	—	—	—	—	—	33
Sapphire Hill (Phase 1).....	Shenzhen	109,580	—	—	—	—	—	—	—	—	—	—	—	32
Sapphire Hill (Phase 2).....	Shenzhen	113,523	—	—	—	—	—	—	—	—	—	—	—	32
Sapphire Hill (Phase 3).....	Shenzhen	92,790	—	—	—	—	—	—	—	—	—	—	—	32
Sapphire Hill (Phase 4).....	Shenzhen	108,206	—	—	—	—	—	—	—	—	—	—	—	32
Strait Green Boomtown (Note).....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	75%	N/A	34
Sub-total.....		1,447,883	—	—	—	—	—	—	—	—	—	—	—	
Total.....		6,902,577	26,514	459,370	630,422	1,088,822	34,844	275,209	176,503					

Note: We are currently discussing with the relevant authority on the development plan for Strait Green Boomtown and therefore the GFA figures for this project cannot be ascertained at this stage.

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The following table sets out details of our property development projects that have been fully completed and sold and not included in our land bank as of November 30, 2009:

Project	Location	Land Use	Total GFA (sq.m.)	Pre-sale proceeds received during the Track Record Period (RMB'000)	Revenue generated during the Track Record Period (RMB'000)	Construction Completion Date	Delivery Date	Interest attributable to us (%)	Reference to valuation report (Property number)
Jun Jing Garden.....	Xiamen	Residential	33,332	—	—	August 2002	October 2003	100	—
Jade Lakefront Manor.....	Xiamen	Residential	72,768	9,244.70	107,320	January 2006	October 2006	100	—
Green Lake Mansion.....	Xiamen	Residential	43,211	25,130.08	232,932	July 2006	October 2006	100	—
Sapphire Peninsula (Xiamen)	Xiamen	Residential	135,747	662,755.62	678,716	January 2008	December 2007	100	—
Junda Center.....	Quanzhou	Residential	18,853	—	—	September 1998	November 1998	100	—
Yuda Community	Quanzhou	Residential	84,695	—	—	April 2002	May 2002	100	—
Century Star	Quanzhou	Residential	83,167	—	—	November 2004	December 2004	100	—

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We have included in this prospectus the project names which we have used, or intend to use, to market our properties. Some of the names for property developments may be different from the names registered with the relevant authorities. The names are subject to approval by the relevant authorities and are subject to change.

In this prospectus, the figures for completed GFA are based on figures provided in the relevant documents issued by government authorities, and the information setting out the construction period for the completed phases of our property development projects is based on the relevant documents issued by government authorities or our own internal records, as applicable. "Saleable GFA" represents the GFA of a property which we intend to sell and does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project. "Non-saleable GFA" represents the GFA of a property that is not for sale and largely includes ancillary facilities.

The following information that appears in this prospectus is based on our internal estimates, internal records or current business plans: (a) figures for planned GFA, saleable GFA, saleable GFA that has been pre-sold, planned saleable GFA, and planned leasable GFA; and (b) information regarding average selling price, total development costs incurred, estimated further development costs to complete the project and planned construction period. The actual figures and construction schedules may differ in the future in material respects from our current estimates.

For completed projects held for sale or investment, projects under development and projects held for future development, as all the land premium has been paid in full, information regarding total development costs incurred includes land premium of the land sites we acquired through public tender or through entering into land transfer contracts through public negotiation. For projects contracted to be acquired, as the land premium has not been paid, the information regarding estimated further developments costs to complete the project includes the unpaid land premium. With respect to projects which are developed by jointly-controlled or associated companies of our Group, information regarding total development costs incurred and the estimated further development costs to complete the project represent the total costs incurred or to be incurred for such projects.

A property is considered to be sold after we have executed the relevant sales contract, completed the development of the property and delivered the property to the customer. A property is considered to be pre-sold after we have executed the relevant sales contract but have not yet delivered the property to the customer. A property is considered to be delivered to the customer when the customer has signed the written confirmation of the delivery of the property.

Description of Our Property Development Projects

The following sets out a detailed description of each of our property development projects as of November 30, 2009 (including completed projects which we have delivered in the past and in which we no longer retain any further interest).

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Our Land Bank

Completed projects for sale or investment

SCE Building (Phase 1) (中駿集團大廈第一期)



SCE Building is an office building development located at the east side of the intersection of Dailiao Road and Fangzhong Road of Xiamen and adjacent to both the Jinshang Avenue Economic Zone and the Wu Yuan Bay Commercial District (五緣灣商業圈). SCE Building is within five minutes walking distance from the Xiamen International Airport and within close proximity of the main road of Xiamen, Cheng Gong Avenue, and is only seven kilometers from Wu Tong Pier (五通碼頭), the major transportation hub with Taiwan. In 2007, SCE Building (Phase 1) received the “Provincial Civilized Construction Site of the Year” (年度省級文明工地稱號) award from the Fujian Construction Department.

The project occupies a total site area of 13,644 sq.m. with a total planned GFA of 44,358 sq.m. We acquired the site on which SCE Building (Phases 1 and 2) is being developed through entering into a land grant contract with the relevant land resources bureau in 2006. There was no outstanding land premium. We developed this project through our subsidiary SCE Xiamen Guanjun, in which we hold a 95.0% interest. The remaining 5.0% interest in SCE Xiamen Guanjun is held by an Independent Third Party.

We are developing SCE Building in two phases. As of November 30, 2009, construction of Phase 1 had been completed and Phase 2 was in the planning phase and was being held for future development.

Phase 1 of the SCE Building comprises an 11-storey office building with a total GFA of 14,274 sq.m. We are holding Phase 1 of the SCE Building for self-use and as an investment property. As of November 30, 2009, we occupied approximately 7,636 sq.m. of Phase 1 of the SCE Building as our headquarters in Xiamen, and the remaining GFA of 6,637 sq.m. were rented by, or to be rented to, tenants.

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Seashore Suite No. 1 (海岸一號)



Seashore Suite No.1 is a residential development with sea views that comprises five 29 to 33-storey high-rise buildings and retail store fronts located at the intersection of Haicang Avenue and Binhu North Road in the Haicang Port District within the Haicang Investment Zone, the largest investment zone established by the PRC Government for investments from Taiwan residents. Seashore Suite No.1 is located on the first row of the Xihai waterfront adjacent to the Haicang Weilai Lake and next to the Haicang Bay Waterfront park, which possesses six kilometers of shoreline. It is also situated within 20 minutes from the Xiamen International Airport. Seashore Suite No. 1 received the “The Best Landscape Design in Xiamen” (廈門最佳景觀設計獎) award from the Xiamen Real Estate Association in 2007 and the “Second Prize for the National Excellent Construction Quality Management Team” (全國工程建設優秀質量管理小組二等獎) from the Review Panel of the National Engineering and Construction Quality Management Team in 2009.

The project occupies a total site area of approximately 24,083 sq.m. with a total planned GFA of approximately 104,066 sq.m. We acquired the site on which Seashore Suite No. 1 is being developed through the acquisition of SCE Seashore Suite No.1, the project company that held the site for Seashore Suite No. 1 at the time of our investment. There was no outstanding land premium. We developed this project through our wholly-owned subsidiary, SCE Seashore Suite No.1.

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Construction of Seashore Suite No.1 was completed in August 2009. As of November 30, 2009, 101,707 sq.m., representing approximately 97.7% of the total saleable GFA of Seashore Suite No.1, was sold. The average selling price for the properties pre-sold of this project is approximately RMB9,574 per sq.m.

World City (世界城)



World City is a high-end integrated residential and retail development comprising two buildings of serviced apartments, including one building comprising luxury mansions and over 30,000 sq.m. of retail shops located at No.10 Dong Da Qiao Road in the Chaoyang District of Beijing. The project is situated in the heart of the CBD of Beijing within the East No.3 Ring Road and at the junction of the Chao Wai Business Circle, Jian Guo Men Business Circle and the World Trade Center Business Circle. World City is surrounded by local landmarks, such as the Ri Tan Park (日壇公園), the CCTV Tower and Chang An Avenue. The surrounding area also contains a number of primary school, high school and other ancillary facilities. World City was named the “Luxury Residential Property with the Highest Investment Value” (最具投資價值豪宅) by Peking University and the Beijing Property Market Magazine Publishing Company in 2009. While the construction of the project was completed in November 2008, interior furnishing of all buildings in the World City project is expected to be fully completed by December 2009.

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The project occupies a total site area of 14,344 sq.m. with a total planned GFA of 118,848 sq.m. We acquired the site on which World City is being developed through entering into land transfer contracts through private negotiation in 2005. There was no outstanding land premium. We developed this project through our wholly-owned subsidiary, SCE World City.

With the exception of 75 serviced apartment units and 184 car parking spaces with a total GFA of 8,214 sq.m., we have sold or pre-sold all of the saleable units of this project as of November 30, 2009. In addition, we have also retained the retail units with a total GFA of 31,252 sq.m. for leasing to third parties. The average selling price for the properties sold or pre-sold of this project is approximately RMB29,178 per sq.m. Please also refer to the paragraph headed "Rental Properties" below.

Wuyi Oasis (Phases 1 and 2) (武夷綠洲第一及第二期)

Wuyi Oasis is a residential development located at South Fuguang Road of Taijiang District in Fuzhou City overlooking Guang Ming Gang Park (光明港公園) on the north, Gu Mountain (鼓山) on the east, and Ao Feng Park (鼇峰公園) on the south. In addition, there are large scale shopping centers in the nearby area.

The project occupies a total site area of 194,830 sq.m. with a planned total GFA of 459,579 sq.m. We acquired our interest in the site on which Wuyi Oasis is being developed through our investment in SCE Wuyi Oasis, the company that held the site on which Wuyi Oasis is being developed at the time of our investment. There was no outstanding land premium. We are developing this project through SCE Wuyi Oasis, a company in which we hold a 50% interest. The remaining 50% is held by an Independent Third Party.

Wuyi Oasis is being developed in three phases. At the time we acquired our 50% interest in SCE Wuyi Oasis in January 2008, Phases 1 and 2 were substantially completed. As of November 30, 2009, Phases 1 and 2 of Wuyi Oasis were fully completed. Phase 3 of the project is in the process of being developed, and construction is currently expected to be completed by March 2010.

Phases 1 and 2 of Wuyi Oasis, comprising 47 high-rise buildings, retail units and a clubhouse, were fully completed in October 2008. Most of the properties in Phases 1 and 2 of Wuyi Oasis were pre-sold prior to our acquisition of SCE Wuyi Oasis in January 2008 and hence represented pre-acquisition income, which were not being recognized in our consolidated statements of comprehensive income during the Track Record Period and the nine months ended September 30, 2009. As of November 30, 2009, 12,470 sq.m. of the saleable GFA of Phase 1 and 2 of Wuyi Oasis, which comprise primarily retail units and car parking spaces, were unsold.

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Projects under development

Wuyi Oasis (Phase 3) (武夷綠洲第三期)

Wuyi Oasis is a residential development located at South Fuguang Road of Taijiang District in Fuzhou City overlooking Guang Ming Gang Park (光明港公園) on the north, Gu Mountain (鼓山) on the east, and Ao Feng Park (鼇峰公園) on the south. In addition, there are large scale shopping centers in the nearby area.

The project occupies a total site area of approximately 194,830 sq.m. with a planned total GFA of approximately 459,579 sq.m. We acquired our interest in the site on which Wuyi Oasis is being developed through our investment in SCE Wuyi Oasis, the company that held the site on which Wuyi Oasis was being developed at the time of our investment. There was no outstanding land premium. We are developing this project through SCE Wuyi Oasis, a company in which we hold a 50% interest. The remaining 50% is held by an Independent Third Party.

Wuyi Oasis is being developed in three phases. At the time we acquired our 50% interest in SCE Wuyi Oasis in January 2008, Phases 1 and 2 were substantially completed. As of November 30, 2009, Phases 1 and 2 of Wuyi Oasis were fully completed and Phase 3 of the project was in the process of being developed, with construction currently expected to be completed by March 2010.

Based on our internal estimates or records and current project plans, Phase 3 of Wuyi Oasis is expected to comprise 26 high-rise buildings and a kindergarten with a planned total GFA of 186,613 sq.m. As of September 30, 2009, the total development costs incurred for Phase 3 of Wuyi Oasis were RMB474.1 million and we estimate that a further RMB27.6 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 3 of Wuyi Oasis as of November 30, 2009 are as follows:

Planned construction period.....	September 2007 to March 2010	
	Residential	Retail
Total planned saleable GFA (sq.m.)	157,720	3,087
Total planned saleable GFA pre-sold (sq.m.).....	151,148	3,087
Percentage of saleable GFA pre-sold (%)	95.8	100.0
Average selling price per sq.m. (RMB)	5,894	7,190

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Noble Mansion (湖景花園)



Noble Mansion is one of the most luxurious residential developments in Quanzhou City, and is expected to comprise seven high-rise buildings located at the intersection of Wenling Road and Huxin Street in Quanzhou City and to the west of the East Lake Park.

The project occupies a total site area of approximately 18,273 sq.m. with a planned total GFA of approximately 66,860 sq.m. We acquired our interest in the site on which Noble Mansion is being developed through our passive investment in SCE Noble Mansion, the company that held the site on which Noble Mansion was being developed at the time of our investment. There was no outstanding land premium. The project is being developed through SCE Noble Mansion, a company in which we hold a 30.0% interest. The remaining 70.0% is held by an Independent Third Party.

As of November 30, 2009, the project was in the process of development and the construction was completed in December 2009.

Based on our internal estimates or records and current project plans, as of September 30, 2009, the total development costs incurred for Noble Mansion were RMB255.4 million and we estimate that a further RMB89.5 million of development costs will have to be incurred by us to complete the project. Further details of Noble Mansion as of November 30, 2009 are as follows:

	August 2007 to December 2009	
	Residential	Retail
Planned construction period		
Total planned saleable GFA (sq.m.)	51,703	2,673
Total planned saleable GFA pre-sold (sq.m.)	45,849	2,001
Percentage of saleable GFA pre-sold (%)	88.7	74.9
Average selling price per sq.m. (RMB)	9,979	23,399

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West Lake No.1 (西湖一號)



West Lake No. 1 is a large scale residential development that is expected to comprise lakefront multi-storied townhouses, 14 high-rise buildings and retail store fronts located at the western side of West Lake Park and at the waterfront of West Lake. West Lake No.1 overlooks Qing Yuan Mountain (清源山), a national 4A tourist area and is close to the Quanzhou Museum and the China Museum for Fujian-Taiwan Kinship. In addition, a five star hotel is also being constructed next to West Lake No. 1.

The project occupies a total site area of approximately 66,687 sq.m. with a planned total GFA of approximately 198,782 sq.m. We acquired the site on which West Lake No.1 is being developed through public tender in 2006. There was no outstanding land premium. We are developing this project through our wholly-owned subsidiary, SCE West Lake No.1.

As of November 30, 2009, we were in the process of developing this project and it is currently estimated that the project will be completed by December 2010.

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Based on our internal estimates or records and current project plans, as of September 30, 2009, the total development costs incurred for West Lake No. 1 were RMB972 million and we estimate that a further RMB181.8 million of development costs will have to be incurred by us to complete the project. Further details of West Lake No. 1 as of November 30, 2009 are as follows:

Planned construction period.....	January 2008 to December 2010	
	Residential	Retail
Total planned saleable GFA (sq.m.).....	151,294	8,185
Total planned saleable GFA pre-sold (sq.m.).....	106,495	319
Percentage of saleable GFA pre-sold (%).....	70.4	3.9
Average selling price per sq.m. (RMB).....	7,933	16,310

Fortune Plaza (Phase 1) (財富中心第一期)

Fortune Plaza is a large scale integrated development that is expected to comprise a high-end residential community, office buildings, large scale commercial centre and a hotel. The Fortune Plaza project is located in the core area of the central district of Quanzhou new town and sits next to the Quanzhou Haixia Sports Center (海峽體育中心) and is surrounded by schools and a hospital which currently are under construction.

We are developing Fortune Plaza in three phases. As of November 30, 2009, we were in the process of developing Phase 1 of Fortune Plaza and Phases 2 and 3 were in the planning phase and were held for future development. Our PRC legal advisor has advised us that SCE Fortune Plaza has not commenced the development and construction work within the time limit for commencement of development as stipulated under the land grant contract. As a result, under the relevant laws and regulations with respect to idle land, such land may be treated as idle land and if the construction work has not started after one year from the date stipulated under the relevant land grant contract, an idle land fee equivalent to 20% of the consideration for the land use rights and additional value-added land premium may be imposed, and if the construction work has not started after two years from the date stipulated under the relevant land grant contract, the relevant land resource bureau may reclaim the site without any compensation unless the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction. Since 2005, when SCE Fortune Plaza acquired various land parcels on which the Fortune Plaza project is to be developed, the relevant local government authority has been continuously adjusting and formulating the overall development plan for the land parcels. The adjusted development plan was only issued in May 2008 and since then SCE Fortune Plaza had been in discussions with the relevant planning department and such department has confirmed that there will be no further adjustments to the planning of the land. The construction work for our Fortune Plaza project can only commence after finalization of the development plan. Accordingly, our Directors are of the view that SCE Fortune Plaza was not able to commence construction work as a result of such delay caused by the government authority and therefore the land will not be identified as idle land under the relevant laws and regulations, no idle land fees and additional value-added land premiums will be charged and the land will not be reclaimed by the relevant land resource bureau. Our PRC legal advisor has advised us that, on the basis of its consultation with relevant officials of the Quanzhou Bureau of Land and Resources, who confirmed the above circumstance and that such circumstance constitutes a delay caused by the government

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authority, the project site shall not be treated as idle land, no idle land fees or additional value-added land premiums shall be charged and the land shall not be reclaimed by the relevant land resource bureau without compensation. Furthermore, our PRC legal advisor has advised us that as long as we follow the normal procedures for the development of Fortune Plaza under the current development plan, we will not be required to pay idle land fees and additional value-added land premium or forfeit the project site.

Phase 1 of the project occupies a total site area of approximately 75,947 sq.m. with a total planned GFA of approximately 251,057 sq.m. and is expected to comprise 14 residential buildings. We acquired our interest in the site on which Phase 1 of the Fortune Plaza project is being developed through our investment in SCE Fortune Plaza, the company that held the site on which Phase 1 of the Fortune Plaza project is being developed. There was no outstanding land premium. We are developing this project through SCE Fortune Plaza, a subsidiary in which we hold a 58% interest. The remaining 42% interest is held by three Independent Third Parties.

As of September 30, 2009, the total development costs incurred for Phase 1 of Fortune Plaza were RMB250.4 million and we estimate that a further RMB901.1 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 1 of Fortune Plaza as of November 30, 2009 are as follows:

Planned construction period.....	November 2008 to December 2011	
	<u>Residential</u>	<u>Retail</u>
Total planned saleable GFA (sq.m.).....	181,452	6,455

Sunshine Town (Phase 1) (四季康城第一期)

Sunshine Town is a large scale integrated residential and commercial development that is expected to comprise multiple high-rise residential buildings with retail store fronts located at the boundary of the Quanzhou urban area and Nan'an City and between No. 308 provincial highway and Jianzhong Road near the Jiang Nan High Tech Industrial Zone. The project is located 200 meters from the entrance of the Quansan Expressway and is opposite from the Quanzhou Flower City.

The project occupies a total site area of approximately 86,908 sq.m. with a planned total GFA of approximately 432,926 sq.m. The site on which Sunshine Town is being developed was acquired through entering into a land transfer contract through private negotiations in 2003. There was no outstanding land premium. We are developing this project through our wholly-owned subsidiary, SCE Sunshine Town.

We are planning to develop Sunshine Town in two phases. As of November 30, 2009, we were developing Phase 1 of Sunshine Town and Phase 2 was in the planning stage and was being held for future development.

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Based on our internal estimates or records and current project plans, Phase 1 of Sunshine Town is expected to comprise eight 18-storey buildings and nine 33-storey buildings. As of September 30, 2009, the total development costs incurred for Phase 1 of Sunshine Town were RMB16.6 million and we estimate that a further RMB438.8 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 1 of Sunshine Town as of November 30, 2009 are as follows:

Planned construction period	May 2009 to September 2011	
Total planned GFA (sq.m.)	215,462	
	Residential	Retail
Total planned saleable GFA (sq.m.)	187,978	7,527

Sapphire Uptown (藍灣上城)

Sapphire Uptown is a high-end low-density residential development that is expected to comprise ten high-rise buildings, 32 low-rise buildings and retail units located in the west end of Round City West Road at Ximei Street in Nan'an City. It is situated in a convenient location and is within close proximity to a number of kindergartens, primary schools and secondary schools.

The project occupies a total site area of approximately 34,853 sq.m. with a planned total GFA of approximately 105,623 sq.m. We acquired the site on which Sapphire Uptown is being developed through public tender in 2007. There was no outstanding land premium. We are developing this project through our subsidiary, SCE Sapphire Uptown, in which we hold a 51.0% interest. The remaining 49.0% interest in SCE Sapphire Uptown is held by an Independent Third Party.

As of November 30, 2009, we were in the process of developing this project and it is currently estimated that construction will be completed by December 2010.

Based on our internal estimates or records and current project plans, as of September 30, 2009, the total development costs incurred for Sapphire Uptown were RMB151.2 million and we estimate that a further RMB179.3 million of development costs will have to be incurred by us to complete the project. Further details of Sapphire Uptown as of November 30, 2009 are as follows:

Planned construction period.....	October 2008 to December 2010	
	Residential	Retail
Total saleable GFA (sq.m.)	78,587	8,262

Sapphire Peninsula (Quanzhou) (Phase 1) (泉州 • 藍灣半島第一期)

Sapphire Peninsula (Quanzhou) is a large-scale residential and commercial development that is expected to comprise 26 high-rise buildings and other retail and commercial facilities located in the Qiao Nan Pian District within the Bin Jiang Commercial District in Quanzhou City. Sapphire Peninsula (Quanzhou) is conveniently situated on the eastern side of China National Highway 324 (G324) with Jin Jiang (晉江) to the east, Zi Mao Mountain Scenic Area (紫帽山景區) and Xing Yan East Road to the west,

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and Quanzhou Convention and Exhibition Center to the north. The project is within seven kilometers from the entrance of the Fuxia Expressway. It is currently proposed that a luxury five star hotel, a commercial district complex, a high school, a primary school and other ancillary facilities will be constructed in the surrounding area.

We are planning to develop Sapphire Peninsula (Quanzhou) in two phases. As of November 30, 2009, we were in the process of developing Phase 1 of Sapphire Peninsula (Quanzhou) and Phase 2 was at the planning stage. We are developing this project through our wholly-owned subsidiary, SCE Quanzhou Sapphire Peninsula.

Phase 1 of the project occupies a total site area of approximately 40,452 sq.m. with a total planned GFA of approximately 141,213 sq.m. We acquired the site on which Sapphire Peninsula (Quanzhou) is being developed through public tender in 2007. There was no outstanding land premium.

As of September 30, 2009, based on our internal estimates or records and current project plans, the total development cost incurred for Phase 1 of Sapphire Peninsula (Quanzhou) was approximately RMB474.5 million and we estimate that a further RMB294.5 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 1 of Sapphire Peninsula (Quanzhou) as of November 30, 2009 are as follows:

Planned construction period	July 2009 to May 2012	
Total planned GFA (sq.m.)	141,213	
	Residential	Retail
Total planned saleable GFA (sq.m.)	97,940	3,549

SCE International Community (Phase 1) (中駿國際社區第一期)

SCE International Community is a large-scale integrated residential and commercial development that is expected to comprise high-rise residential buildings, a large number of retail store fronts stretching one kilometer along a business street, and a kindergarten located in the intersection of Banxia Street and Gu Lou North Street in Linfen City.

The project occupies a total site area of approximately 161,604 sq.m. with a total planned GFA of approximately 568,686 sq.m. We acquired the site on which SCE International Community is being developed through the acquisition of SCE Shanxi Yuanhong, the project company that held the site for SCE International Community at the time of our investment. There was no outstanding land premium. We are developing this project through our subsidiary, SCE Shanxi Yuanhong, in which we hold a 60% interest. The remaining 40% interest in SCE Shanxi Yuanhong is held by Independent Third Parties.

We are planning to develop SCE International Community in six phases. As of November 30, 2009, we were developing Phase 1 of SCE International Community and the remaining five phases were at the planning stage and were being held for future development.

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Based on our internal estimates or records and current project plans, as of September 30, 2009, the total development costs incurred for Phase 1 of SCE International Community were RMB44.4 million and we estimate that a further RMB188.3 million of development costs will have to be incurred by us to complete the project. Further details of Phase 1 of SCE International Community as of November 30, 2009 were as follows:

Planned construction period	October 2009 to January 2011	
Total planned GFA (sq.m.)	82,809	
	Residential	Retail
Total planned saleable GFA (sq.m.)	64,781	5,063

Projects held for future development

SCE Building (Phase 2) (中駿集團大廈第二期)

SCE Building is an office building development located at the east side of the intersection of Dailiao Road and Fangzhong Road of Xiamen and adjacent to both the Jinshang Avenue Economic Zone and the Wu Yuan Bay (五緣灣商業圈) Commercial District. SCE Building is within walking distance from the Xiamen International Airport and within close proximity of the main road of Xiamen, Cheng Gong Avenue, and is seven kilometers from Wu Tong Pier (五通碼頭), the major transportation hub with Taiwan.

Based on our internal estimates or records and current project plans, Phase 2 of SCE Building is expected to comprise two 11 to 12-storey office buildings. As the bare land held for future development of Phase 2 of SCE Building belongs to the same project site on which Phase 1 of SCE Building had been constructed and the land area constructed of Phase 1 of SCE Building represents more than one third of the total land area of SCE Building, our Directors are of the view that the land held for future development of Phase 2 of SCE Building will not be identified as idle land pursuant to relevant laws and regulations. Our PRC legal advisor has also confirmed that no idle land fee has been imposed on the Group with respect to the land held for future development of Phase 2 of SCE Building, we have not received any notices from the relevant government department that the land held for future development of Phase 2 of SCE Building has been treated as idle land and there is no risk that the land will be treated as idle land. Furthermore, our PRC legal advisor has also advised us that as long as we follow the normal procedures for the development of Phase 2 of SCE Building under the current development plan, we will not be required to pay idle land fees and additional value-added land premium or forfeit the land for Phase 2 of SCE Building. As of September 30, 2009, based on our internal estimates or records and current project plans, the total development costs incurred for Phase 2 of SCE Building were RMB5.7 million and we estimate that a further RMB113.0 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 2 of SCE Building as of November 30, 2009 are as follows:

Planned construction period	December 2010 to November 2012
Total planned saleable/leasable GFA for future development (sq.m.)	30,084

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Fortune Plaza (Phases 2 and 3) (財富中心第二及第三期)

Fortune Plaza is a large-scale integrated development that is expected to comprise a high-end residential community, office buildings, large-scale commercial centre and a hotel. The Fortune Plaza project is located in the core area of the central district of Quanzhou new town and sits next to the Quanzhou Haixia Sports Center (海峽體育中心) and is surrounded by schools and a hospital which currently are under construction.

We are developing Fortune Plaza in three phases. As of November 30, 2009, we were in the process of developing Phase 1 of Fortune Plaza and Phases 2 and 3 were in the planning phase and were held for future development. According to the relevant land grant contract for the project site for Phase 3 of Fortune Plaza covering a site area of 99,221.8 sq.m., we are required to pay a penalty equivalent to 0.05% of the land premium for each day of delay from August 30, 2007 until the commencement of development and construction work unless such delay is caused by force majeure, or acts of the government or indispensable preliminary work. As disclosed in the sub-section headed “Fortune Plaza (Phase 1)” under the section headed “Business — Our Property Development Business — Description of Our Property Development Projects — Our Land Bank — Projects under development” above, SCE Fortune Plaza was unable to commence the development and construction work within the time limit for commencement of development as stipulated under the land grant contract as a result of the delay by the relevant local government authority in finalizing the development plan for the land parcels. Accordingly, our Directors are of the view that the land will not be identified as idle land under the relevant laws and regulations, no idle land fees and additional value-added land premiums will be charged, no penalties will be imposed and the land will not be reclaimed by the relevant land resource bureau. Our PRC legal advisor has advised us that, on the basis of its consultation with relevant officials of the Quanzhou Bureau of Land and Resources, who confirmed the above circumstance and that such circumstance constitutes a delay caused by the government authority, the project site shall not be treated as idle land, no idle land fees or additional value-added land premiums shall be charged, no penalties shall be imposed and the land shall not be reclaimed by the relevant land resource bureau without compensation. Furthermore, our PRC legal advisor has advised us that as long as we follow the normal procedures for the development of Fortune Plaza under the current development plan, we will not be required to pay idle land fees and additional value-added land premium and any penalty or forfeit the project site.

We acquired our interest in the sites on which Phases 2 and 3 of the Fortune Plaza project are being developed through our investment in SCE Fortune Plaza, the company that held the sites on which Phases 2 and 3 of the Fortune Plaza project are being developed. There was no outstanding land premium. We are developing this project through SCE Fortune Plaza, a subsidiary in which we hold a 58% interest. The remaining 42% interest is held by three Independent Third Parties.

Phase 2

Phase 2 of the project occupies a total site area of approximately 186,371 sq.m. with a total planned GFA of approximately 589,749 sq.m. and is expected to comprise a residential development.

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As of September 30, 2009, based on our internal estimates or records and current project plans, the total development costs incurred for Phase 2 of Fortune Plaza were RMB696.1 million and we estimate that a further RMB1,750.7 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 2 of Fortune Plaza as of November 30, 2009 are as follows:

Planned construction period	June 2010 to December 2012	
	Residential	Retail
Total planned saleable GFA (sq.m.)	421,574	27,044

Phase 3

Phase 3 of Fortune Plaza occupies a total site area of approximately 180,092 sq.m. with a total planned GFA of approximately 526,849 sq.m. and is expected to comprise service apartments, a shopping mall and a hotel.

As of September 30, 2009, based on our internal estimates or records and current project plans, the total development costs incurred for Phase 3 of Fortune Plaza were RMB804.4 million and we estimate that a further RMB1,585.4 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 3 of Fortune Plaza as of November 30, 2009 are as follows:

Planned construction period	January 2012 to December 2013		
	Residential	Retail	Hotel
Total planned saleable GFA (sq.m.)	26,603	246,104	123,178

Purple Lake International (紫湖國際)



Purple Lake International is a high-end low-density residential development that is expected to comprise townhouses and a 2,500 sq.m. clubhouse located inside the Quanzhou Golf Club, the only golf club in Quanzhou. The project is situated in an attractive location with Zi Mao Mountain Scenic Area to the north, Zi Hu Reservoir to the west and the Quanzhou Golf Club to the south and will be designed by an internationally renowned design institute, Dahlin Group.

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The project occupies a total site area of approximately 180,000 sq.m. with a planned total GFA of approximately 123,199 sq.m. We acquired our interest in the site on which Purple Lake International is to be developed through our passive investment in SCE Purple Lake International, the company that held the site on which Purple Lake International was being developed at the time of our investment. The People's Government of Jinjiang City approved the continued development of the project on the project site by SCE Purple Lake International in September 2008. There was no outstanding land premium. The project is to be developed through SCE Purple Lake International, a company in which we hold a 49.0% interest. The remaining 51.0% interest in SCE Purple Lake International is held by an Independent Third Party.

It is currently expected that Purple Lake International will be developed in two phases. As of November 30, 2009, both phases were at the planning stage and were being held for future development. Our PRC legal advisor has advised us that after obtaining the land use rights for the project site for Purple Lake International, SCE Purple Lake International has not commenced the development and construction work within the time limit for commencement of development as stipulated under the relevant laws and regulations. As a result, under the relevant laws and regulations with respect to idle land, such land will be treated as idle land and if the construction work has not started after one year from the date stipulated under the relevant land grant contract, an idle land fee equivalent to 20% of the consideration for the land use rights and additional value-added land premium may be imposed and if the construction work has not started after two years from the date stipulated under the relevant land grant contract, the relevant land resource bureau may reclaim the site without any compensation unless the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction. The relevant local government authority is currently formulating an adjustment plan for its existing high-voltage power supply facilities on the land and the overall development plan for the land parcel will have to be adjusted accordingly. The construction work for our project can only commence after finalization of the development plan by the relevant local government authority. Accordingly, our Directors are of the view that SCE Purple Lake International was not able to commence construction work as a result of such delay by the government authority and therefore the land will not be identified as idle land under the relevant laws and regulations, no idle land fees and additional value-added land premiums will be charged and the land will not be reclaimed by the relevant land resource bureau. Our PRC legal advisor has advised us that, on the basis of its consultation with relevant officials of the Jin Jiang Bureau of Land and Resources, who confirmed the above circumstance and that such circumstance constitutes a delay caused by the government authority, the project site shall not be treated as idle land, no idle land fees or additional value-added land premiums shall be charged and the land shall not be reclaimed by the relevant land resource bureau without compensation. Furthermore, our PRC legal advisor has advised us that as long as we follow the normal procedures for the development of Purple Lake International under the current development plan, we will not be required to pay idle land fees and additional value-added land premium or forfeit the project site. The relevant local government authority has promised to finalize the adjustment plan of the existing high-voltage power supply facilities on the land site and the new land planning before December 2009 and SCE Purple Lake International will then be able to commence the construction work based on the new development plan.

As of September 30, 2009, based on our internal estimates or records and current project plans, the total development cost incurred for Purple Lake International was approximately RMB219.4 million and we estimate that a further RMB214.8 million of development costs will have to be incurred by us to complete this project.

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Phase 1

As of November 30, 2009, based on our internal estimates or records and current project plans, details of Phase 1 of Purple Lake International are as follows:

Planned construction period	January 2010 to September 2011
Total planned GFA (sq.m.)	62,217
Total planned saleable GFA (sq.m.)	62,077

Phase 2

Based on our internal estimates or records and current project plans, details of Phase 2 of Purple Lake International are as of November 30, 2009 as follows:

Planned construction period	March 2010 to August 2012
Total planned GFA (sq.m.)	60,982
Total planned saleable GFA (sq.m.)	60,982

Sunshine Town (Phase 2) (四季康城第二期)

Sunshine Town is a large-scale integrated residential and commercial development that is expected to comprise multiple high-rise residential buildings with retail store fronts located at the boundary of the Quanzhou urban area and Nan'an City and between No. 308 provincial highway and Jianzhong Road near the Jiang Nan High Tech Industrial Zone. The project is located 200 meters from the entrance of the Quansan Expressway and is opposite from the Quanzhou Flower City.

Based on our internal estimates or records and current project plans, Phase 2 of Sunshine Town is expected to comprise eight 27-storey buildings and nine 33-storey buildings. Our PRC legal advisor has advised us that after obtaining the land use rights for the project site for Phase 2 of Sunshine Town, SCE Sunshine Town has not commenced the development and construction work within the time limit for commencement of development as stipulated under the relevant laws and regulations. As a result, under the relevant laws and regulations with respect to idle land, such land will be treated as idle land and if the construction work has not started after one year from the date stipulated under the relevant land grant contract, an idle land fee equivalent to 20% of the consideration for the land use rights and additional value-added land premium may be imposed and if the construction work has not started after two years from the date stipulated under the relevant land grant contract, the relevant land resource bureau may reclaim the site without any compensation unless the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction. The relevant local government authority has undertaken to remove and dismantle existing crops and transformer plants on the land and to relocate the current occupants of the land. However, the required removal, dismantling and relocation work required to be carried out by the relevant local government authority have not been completed as at the Latest Practicable Date, which has delayed the commencement of the construction work for Phase 2 of Sunshine Town. Accordingly, our Directors are of the view that SCE Sunshine Town was not able to commence construction work as a result of such delay by the government authority and therefore such land parcel will not be identified as idle land under the relevant laws and regulations, no idle land fees and additional value-added land premiums will be

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charged and the land will not be reclaimed by the relevant land resource bureau. Our PRC legal advisor has advised us that, on the basis of its consultation with relevant officials of the Nan'an Bureau of Land and Resources, who confirmed the above circumstance and that such circumstance constitutes a delay caused by the government authority, the project site shall not be treated as idle land, no idle land fees or additional value-added land premiums shall be charged and the land shall not be reclaimed by the relevant land resource bureau without compensation. Furthermore, our PRC legal advisor has advised us that as long as we follow the normal procedures for the development of Phase 2 of Sunshine Town under the current development plan, we will not be required to pay idle land fees and additional value-added land premium or forfeit the project site. The relevant local government authority has promised to complete the relevant removal work and to relocate the occupants before May 2010 so that SCE Sunshine Town will then be able to commence the construction work.

There was no outstanding land premium. As of September 30, 2009, based on our internal estimates or records and current project plans, the total development costs incurred for Phase 2 of Sunshine Town were RMB16.7 million and we estimate that a further RMB438.5 million of development costs will have to be incurred by us to complete this phase of the project. Further details of Phase 2 of Sunshine Town as of November 30, 2009 are as follows:

Planned construction period	May 2010 to November 2012	
Total planned GFA (sq.m.)	217,464	
	Residential	Retail
Total planned saleable GFA (sq.m.)	189,590	1,852

Golden Coast (黄金海岸)

Golden Coast is a large-scale residential and resort development that is expected to comprise high-rise buildings, townhouses, hotels, retail facilities and other recreational facilities located on the waterfront of Yongning Town of Shishi City with a coastline covering three kilometers. The surrounding area contains a number of tourist attractions, including Luo Jia Temple (珞伽寺), an oceanworld themepark and the fisherman's wharf.

The project occupies a total site area of approximately 1,196,614 sq.m. with a planned total GFA of approximately 1,256,400 sq.m. We acquired our interest in the site on which Golden Coast is to be developed through our passive investment in SCE Golden Coast, the company that held the site on which Golden Coast was being developed at the time of our investment. There was no outstanding land premium. The project is to be developed through SCE Golden Coast, a company in which we hold a 45.0% interest. The remaining 55.0% interest is held by two Independent Third Parties.

According to the land grant contract entered into between the Bureau of Land Resources and Construction of Shi Shi City and SCE Golden Coast on April 4, 1993, the construction period of the Golden Coast project is five years from the date of the land grant contract. SCE Golden Coast has invested in and constructed a number of buildings for the seaside resort which were previously leased out to third parties. Since the project did not comply with the requirements of the construction schedule, the General Office of the People's Government of Fujian Province issued a notice on April 17, 2008 requiring SCE Golden Coast to develop the project within the prescribed timeframe.

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Since April 2008, we entered into a number of discussions with the relevant government authorities in relation to the redevelopment of the project and the acquisition of the project from the then existing owner of SCE Golden Coast. Following the acquisition of our interest in SCE Golden Coast in June 2008, we have been in discussions with relevant authorities on the redevelopment plan of this project. In December 2008, the Planning and Construction Bureau of Shi Shi City further requested SCE Golden Coast to accelerate the formulation of the work plan for the demolition, relocation and compensation for the existing buildings. On June 22, 2009, the People's Government of Shi Shi City approved in principle a redevelopment plan for this project and the relevant government authority is currently carrying out demolition and relocation work in accordance with the redevelopment plan with the associated costs being borne by SCE Golden Coast. Our PRC legal advisor has confirmed that on the basis of the above and since demolition work for the existing buildings on the land is being carried out in accordance with the redevelopment plan approved by the People's Government of Shi Shi City, the land site for Golden Coast project has never been identified as idle land by the relevant land resource bureaus. It is currently expected that Golden Coast will be developed in two phases. As of November 30, 2009, both phases were at the planning stage and were being held for future development.

Phase 1

Based on our internal estimates or records and current project plans, as of September 30, 2009, the total development costs incurred for Phase 1 of Golden Coast were RMB88.4 million and we estimate that a further RMB1,378.8 million of development costs will have to be incurred by us to complete the project. Further details of Phase 1 of Golden Coast as of November 30, 2009 are as follows:

Planned construction period	May 2010 to December 2012		
Total planned GFA (sq.m.)	444,600		
	<u>Residential</u>	<u>Retail</u>	<u>Hotel</u>
Total planned saleable GFA (sq.m.)	247,050	108,450	23,100

Phase 2

Based on our internal estimates or records and current project plans, as of September 30, 2009, the total development costs incurred for Phase 2 of Golden Coast were RMB161.4 million and we estimate that a further RMB2,517.5 million of development costs will have to be incurred by us to complete the project. Further details of Phase 2 of Golden Coast as of November 30, 2009 are as follows:

Planned construction period	January 2011 to December 2014	
Total planned GFA (sq.m.)	811,800	
	<u>Residential</u>	<u>Hotel</u>
Total planned saleable GFA (sq.m.)	606,600	97,200

BUSINESS

Sapphire Boomtown (藍灣香郡)

Sapphire Boomtown is a large-scale high-end residential development that is expected to comprise high-rise residential buildings, townhouses and retail units located on the south side of Shuixian Street and the east side of No. 7 Road in the new Long Wen District of Zhangzhou City. It is located near the Bin Jiang Avenue and is within close proximity to the surrounding City Level Administrative Center, a high speed railway station under construction and other commercial and educational facilities.

The project occupies a total site area of approximately 239,786 sq.m. with a planned total GFA of approximately 520,299 sq.m. We acquired our interest in the site on which Sapphire Boomtown is to be developed through our acquisition of SCE Boomtown, the company that held the site on which Sapphire Boomtown is being developed. There was no outstanding land premium. We will develop this project through our subsidiary, SCE Sapphire Boomtown, in which we currently hold an 80.0% interest. The remaining 20.0% interest in SCE Sapphire Boomtown is held by four Independent Third Parties.

We are planning to develop Sapphire Boomtown in four phases. As of November 30, 2009, all four phases were at the planning stage and were being held for future development. Our PRC legal advisor has advised us that after obtaining the land use rights for the project site for Sapphire Boomtown, SCE Sapphire Boomtown has not commenced the development and construction work within the time limit for commencement of development as stipulated under the relevant land grant contract. As a result, under the relevant laws and regulations with respect to idle land, such land will be treated as idle land and if the construction work has not started after one year from the date stipulated under the relevant land grant contract, an idle land fee equivalent to 20% of the consideration for the land use rights and additional value-added land premium may be imposed and if the construction work has not started after two years from the date stipulated under the relevant land grant contract, the relevant land resource bureau may reclaim the site without any compensation unless the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction. According to the land grant contract, SCE Sapphire Boomtown was required to commence the construction work after the completion of land delivery, which comprises delivery of roads and a transportation network giving access to the land site, by the Zhangzhou Bureau of Land and Resources Longwen Branch. As at the Latest Practicable Date, the PRC Government has not constructed the required transportation network that would provide access to the land site. As a result, our Directors are of the view that the land has not been completely delivered by the PRC Government. Furthermore, since our acquisition of SCE Sapphire Boomtown, SCE Sapphire Boomtown has formulated a new development plan for Sapphire Boomtown. The Urban and Rural Planning Bureau of Zhangzhou City approved the new general development plan in March 2009 and has requested SCE Sapphire Boomtown to apply for the approval of a detailed development plan. Due to the above reasons which have delayed the commencement of the construction work, our Directors are of the view that SCE Sapphire Boomtown was not able to commence construction work as a result of such delay by the government authority and therefore the land will not be identified as idle land under the relevant laws and regulations, no idle land fees and additional value added premiums will be charged and the land will not be reclaimed by the relevant land resource bureau. Our PRC legal advisor has advised us that, on the basis of its consultation with relevant officials of the Zhangzhou Bureau of Land and Resources Longwen Branch, who confirmed the above circumstance and that such circumstance constitutes a delay caused by the government authority, the project site shall not be treated as idle land, no idle land fees or additional land premiums shall be charged and the land shall not be reclaimed by the relevant land

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resource bureau without compensation. Furthermore, our PRC legal advisor has also advised us that as long as we follow the normal procedures for the development of Sapphire Boomtown under the current development plan, we will not be required to pay idle land fees and additional value-added land premium or forfeit the project site. The relevant local government authority has promised to accelerate the construction of the transportation network in order to make the land accessible. At the same time, SCE Sapphire Boomtown is currently seeking approvals from relevant PRC Government authorities with respect to the detailed development plan and the construction work is expected to commence in January 2010.

As of September 30, 2009, based on our internal estimates or records and current project plans, the total development costs incurred for Sapphire Boomtown was approximately RMB447.0 million and we estimate that a further RMB1,107.0 million of development costs will have to be incurred by us to complete this project.

Phase 1

Based on our internal estimates or records and current project plans, Phase 1 of Sapphire Boomtown is expected to comprise 10 nine-storey buildings and 78 low-rise buildings. Further details of Phase 1 of Sapphire Boomtown as of November 30, 2009 are as follows:

Planned construction period	January 2010 to August 2011	
Total planned GFA (sq.m.).....	95,435	
	Residential	Retail
Total planned saleable GFA (sq.m.)	54,873	2,930

Phase 2

Based on our internal estimates or records and current project plans, Phase 2 of Sapphire Boomtown is expected to comprise 22 high-rise buildings, 10 nine-storey buildings, a clubhouse and a kindergarten. Further details of Phase 2 of Sapphire Boomtown as of November 30, 2009 are as follows:

Planned construction period	March 2010 to November 2011	
Total planned GFA (sq.m.)	150,726	
	Residential	Retail
Total planned saleable GFA (sq.m.)	117,398	9,103

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Phase 3

Based on our internal estimates or records and current project plans, Phase 3 of Sapphire Boomtown is expected to comprise 18 high-rise buildings and a resident clubhouse. Further details of Phase 3 of Sapphire Boomtown as of November 30, 2009 are as follows:

Planned construction period	September 2010 to September 2012	
Total planned GFA (sq.m.)	169,520	
	Residential	Retail
Total planned saleable GFA (sq.m.)	137,522	11,160

Phase 4

Based on our internal estimates or records and current project plans, Phase 4 of Sapphire Boomtown is expected to comprise two high-rise buildings and 91 low-rise buildings. Further details of Phase 4 of Sapphire Boomtown as of November 30, 2009 are as follows:

Planned construction period	December 2010 to November 2012	
Total planned GFA (sq.m.)	104,618	
	Residential	Retail
Total planned saleable GFA (sq.m.)	82,781	6,074

SCE International Community (Phases 2 to 6) (中駿國際社區第二至六期)

SCE International Community is a large-scale integrated residential and commercial development that is expected to comprise high-rise residential buildings, a large number of retail store fronts stretching one kilometer along a business street, and a kindergarten located in the intersection of Banxia Street and Gu Lou North Street in Linfen City.

The project occupies a total site area of approximately 161,604 sq.m. with a total planned GFA of approximately 568,686 sq.m. We acquired the site on which SCE International Community is being developed through the acquisition of SCE Shanxi Yuanhong, the project company that held the site for SCE International Community at the time of our investment. There was no outstanding land premium. We are developing this project through our subsidiary, SCE Shanxi Yuanhong, in which we hold a 60% interest. The remaining 40% interest in SCE Shanxi Yuanhong is held by an Independent Third Party.

We are planning to develop SCE International Community in six phases. As of November 30, 2009, we were developing Phase 1 of SCE International Community and the remaining five phases were at the planning stage and were being held for future development.

As of September 30, 2009, based on our internal estimates or records and current project plans, the total development costs incurred for Phases 2 to 6 of SCE International Community was approximately RMB260.7 million and we estimate that a further RMB878.9 million of development costs will have to be incurred by us to complete this project.

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Phase 2

Based on our internal estimates or records and current project plans, details of Phase 2 of SCE International Community as of November 30, 2009 are as follows:

Planned construction period	February 2010 to June 2011	
Total planned GFA (sq.m.)	38,660	
	Residential	Retail
Total planned saleable GFA (sq.m.)	28,000	6,346

Phase 3

Based on our internal estimates or records and current project plans, details of Phase 3 of SCE International Community as of November 30, 2009 are as follows:

Planned construction period	December 2010 to June 2012	
Total planned GFA (sq.m.)	55,623	
	Residential	Retail
Total planned saleable GFA (sq.m.)	38,371	10,112

Phase 4

Based on our internal estimates or records and current project plans, details of Phase 4 of SCE International Community as of November 30, 2009 are as follows:

Planned construction period	December 2011 to June 2013	
Total planned GFA (sq.m.)	289,531	
	Residential	Retail
Total planned saleable GFA (sq.m.)	215,862	24,528

Phase 5

Based on our internal estimates or records and current project plans, details of Phase 5 of SCE International Community as of November 30, 2009 are as follows:

Planned construction period	October 2012 to June 2014	
Total planned GFA (sq.m.)	92,246	
	Residential	Retail
Total planned saleable GFA (sq.m.)	70,284	12,402

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Phase 6

Based on our internal estimates or records and current project plans, details of Phase 6 of SCE International Community as of November 30, 2009 are as follows:

Planned construction period	February 2013 to November 2014	
Total planned GFA (sq.m.)	9,818	
	<u>Residential</u>	<u>Retail</u>
Total planned saleable GFA (sq.m.)	6,424	2,433

Projects contracted to be acquired

The Regent (天峰)

The Regent is a high-end residential development with unobstructed sea views located at the intersection of Haicang Avenue and Jiao Song Road in the Haicang Investment Zone. The Regent sits next to our Seashore Suite No. 1 development project and is also located on the first row of Xihai waterfront adjacent to the Haicang Lake and next to the Haicang Bay Waterfront park.

The project is expected to occupy a total site area of approximately 25,092 sq.m. with a total planned GFA of approximately 83,080 sq.m. We acquired the site on which the Regent project is to be developed through public tender in 2009. We have entered in the relevant land grant contract for the land site for the Regent project but we have not obtained the land use rights certificate for such site as of November 30, 2009. The total land premium payable for this site is RMB321,000,000. Under the relevant land grant contract, the outstanding land premium must be paid in four installments between October 2009 to August 2010. As of November 30, 2009, we have paid land premium of RMB96,300,000 (representing 30% of the total land premium and the first installment payment) and RMB224,700,000 was outstanding, of which RMB96,300,000, RMB64,200,000 and RMB64,200,000 (representing 30%, 20% and 20% of the total land premium and the second to fourth installment payments) shall be payable in February 2010, May 2010 and August 2010, respectively. We intend to develop this project through our subsidiary, SCE Regent, in which we currently hold 60% interest. The remaining 40% interest in SCE Regent is held by Mateland Holdings Limited. Mateland Holdings Limited is indirectly held as to 75% by James Pei Chun Tien, Michael Puk Sun Tien and Tien Huynh Ngoc Hoa, Mary, who are also the ultimate beneficial owners of Park Commercial, one of our Financial Investors. For details, please refer to the sections headed "History, Reorganization and Group Structure — Recent Developments — (8) SCE Regent".

As of November 30, 2009, based on our internal estimates or records and current project plans, further details of the Regent project are as follows:

Planned construction period	February 2010 to December 2011	
	<u>Residential</u>	<u>Retail</u>
Total planned saleable GFA (sq.m.)	61,695	80

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Sapphire Peninsula (Quanzhou) (Phase 2) (泉州 • 藍灣半島第二期)

Sapphire Peninsula (Quanzhou) is a large-scale residential and commercial development that is expected to comprise 26 high-rise buildings and other retail and commercial facilities located in the Qiao Nan Pian District within the Bin Jiang Commercial District in Quanzhou City. Sapphire Peninsula (Quanzhou) is situated on the eastern side of China National Highway 324 (G324) with Jin Jiang (晉江) to the east, Zi Mao Mountain Scenic Area (紫帽山景區) and Xing Yan East Road to the west, and Quanzhou Convention and Exhibition Center to the north. The project is within seven kilometers from the entrance of the Fuxia Expressway. It is currently proposed that a luxury five star hotel, a commercial district complex, a high school, a primary school and other ancillary facilities will be constructed in the surrounding area.

We are planning to develop Sapphire Peninsula (Quanzhou) in two phases. As of November 30, 2009, we were in the process of developing Phase 1 of Sapphire Peninsula (Quanzhou) and Phase 2 was at the planning stage.

Phase 2 of the project occupies a total site area of approximately 40,452 sq.m. with a total planned GFA of approximately 126,463 sq.m. We acquired the site on which Phase 2 of Sapphire Peninsula (Quanzhou) is to be developed through public tender in 2007. We have entered into the relevant land grant contract for the land site for Phase 2 of Sapphire Peninsula (Quanzhou), but we had not obtained the land use rights certificate for such site as of November 30, 2009. The total land premium payable for the site is RMB434,000,000, all of which was outstanding as at November 30, 2009. According to the relevant land grant contract, such outstanding land premium must be paid on or before December 31, 2009. However, as the relevant government authority had not completed the demolition work at the site by December 31, 2009, the People's Government of Jinjiang City has required the relevant government authority to complete the demolition work before January 15, 2010 and agreed to extend the timing for payment of the outstanding land premium to March 31, 2010. We intend to develop this project through our wholly-owned subsidiary, SCE Quanzhou Sapphire Peninsula.

As of September 30, 2009, based on our internal estimates or records and current project plans, we had not incurred any development cost for Phase 2 of Sapphire Peninsula (Quanzhou). We estimate that RMB688.6 million of development cost will have to be incurred by us to complete this phase of the project.

As of November 30, 2009, based on our internal estimates or records and current project plans, details of Phase 2 of Sapphire Peninsula (Quanzhou) are as follows:

Planned construction period	January 2011 to January 2013	
Total planned GFA (sq.m.)	126,463	
	Residential	Retail
Total planned saleable GFA (sq.m.)	90,233	10,730

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Projects to be acquired for future development

Nan'an Convention Center (南安會展中心)

Nan'an Convention Center is an integrated development project that is expected to comprise a convention center, residential apartments, commercial facilities and a hotel located on the southern shore of Xixi on the east side of Nan'an city. The project is situated opposite Phoenix Mountain (鳳凰山).

The project is expected to occupy a total site area of approximately 558,000 sq.m. with a total planned GFA of approximately 1,023,785 sq.m. We plan to develop this project through a wholly-owned subsidiary to be established.

We entered into a master agreement with the local government in relation to the Nan'an Convention Center project in March 2008. Under the master agreement, we are responsible for the formulation of the project planning and design and the local government is responsible for the relocation and resettlement work for the land site. As of November 30, 2009, we would still need to go through the tender process, sign the land grant contract and pay the land premium before we can get the land use rights certificate. We have not incurred any project planning and design fees as at September 30, 2009.

As of November 30, 2009, based on our internal estimates or records and current plans, further details of Nan'an Convention Center are as follows:

Planned construction period	May 2011 to December 2014		
	<u>Residential</u>	<u>Retail</u>	<u>Hotel</u>
Total planned saleable GFA (sq.m.)	745,409	50,800	31,731

Sapphire Hill (藍灣翠嶺)

Sapphire Hill is a large-scale residential community development that is expected to comprise high-rise residential buildings and retail stores located along the boundary of the Long Jiang Old City District in Shenzhen near the entrance of the Shenzhen Shantou Expressway. The project will offer access to public transportations, such as Line No. 3 of the Shenzhen Metro and Shenzhen East railway station, which are under construction or being planned by the local government.

The project is expected to occupy a total site area of approximately 251,749 sq.m. with a total planned GFA of approximately 424,099 sq.m. We plan to develop this project through our subsidiary, SCE Sapphire Hill, in which we hold an indirect interest of approximately 63.2%. The remaining 36.8% interest in SCE Sapphire Hill is held by Independent Third Parties.

We are planning to develop Sapphire Hill in four phases. We entered into a master agreement with the local government in relation to the Sapphire Hill project in July 2006. Under the master agreement, we are responsible for the relocation and the resettlement work for the land site. As of November 30, 2009, the relocation and resettlement work for which we are responsible under the master agreement

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has been completed and upon receiving the necessary approval from the local government, we would still need to sign the land grant contract and pay the land premium before we can obtain the land use rights certificate. As at September 30, 2009, we have incurred approximately RMB196.2 million of land compensation fees and relocation fees pursuant to the master agreement.

Phase 1

Based on our internal estimates or records and current project plans, details of Phase 1 of Sapphire Hill as of November 30, 2009 are as follows:

Planned construction period.....	September 2010 to December 2012	
Total planned GFA (sq.m.).....	109,580	
	Residential	Retail
Total planned saleable GFA (sq.m.).....	86,080	3,000

Phase 2

Based on our internal estimates or records and current projects plan, details of Phase 2 of Sapphire Hill as of November 30, 2009 are as follows:

Planned construction period.....	December 2010 to December 2012	
Total planned GFA (sq.m.).....	113,523	
	Residential	Retail
Total planned saleable GFA (sq.m.).....	88,323	4,000

Phase 3

Based on our internal estimates or records and current project plans, details of Phase 3 of Sapphire Hill as of November 30, 2009 are as follows:

Planned construction period.....	January 2012 to December 2013	
Total planned GFA (sq.m.).....	92,790	
	Residential	Retail
Total planned saleable GFA (sq.m.).....	72,290	3,000

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Phase 4

Based on our internal estimates or records and current project plans, details of Phase 4 of Sapphire Hill as of November 30, 2009 are as follows:

Planned construction period.....	January 2013 to December 2014	
Total planned GFA (sq.m.).....	108,206	
	Residential	Retail
Total planned saleable GFA (sq.m.).....	69,906	18,000

Strait Green Boomtown (台灣科技生態城)

Strait Green Boomtown is expected to be a large-scale residential and commercial development located in Shi Jing Town in Nan'an City.

We entered into a master agreement with the local government in relation to the pre-development work of the land site on which Strait Green Boomtown is being developed in August 2009. Pursuant to the master agreement, we intend to form a joint venture company with the local government to jointly undertake the pre-development work. The joint venture company is expected to be held as to 75% by us through one of our wholly-owned subsidiaries and as to 25% by the local government. We intend to dispose of a minority stake in the wholly-owned subsidiary in the future although no definitive agreement has been entered into as at the date of this prospectus. Under the master agreement, we are required to contribute up to RMB500 million as registered capital and working capital to the joint venture company. As of September 30, 2009, we have not incurred any costs or contributed any amounts pursuant to the master agreement. Upon completion of the pre-development work, we would still need to go through the tender process, sign the land grant contract and pay the land premium before we can obtain the land use rights certificate. The joint venture company will be entitled to any proceeds from the sale of the land site upon obtaining the relevant land use rights certificate.

The land site for which we are undertaking pre-development work occupies a total site area of approximately 9,418,714 sq.m. We are currently in discussions with the local government on the development plan of the site and the planned GFA that can be constructed over the site is still subject to further discussion and agreement with the local government.

Other projects which are fully completed and sold and therefore not included in our land bank

Jun Jing Garden (駿景園)

Jun Jing Garden is a high-end residential development located at the intersection of Huming Road and Huguang Road in the Fu Shan Business Circle (富山商圈) in Xiamen. Jun Jing Garden is situated next to one of the main transportation routes of Xiamen island, Hu Bin Nan Road (湖濱南路). Jun Jing Garden is surrounded by commercial and educational facilities. The project was our first project in Xiamen and was completed in August 2002 and all of the saleable units were sold.

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The project occupies a total site area of approximately 7,830 sq.m. with a total GFA of approximately 33,332 sq.m. We developed this project through our wholly-owned subsidiary, Xiamen Zhongjun Property Development Company Limited (廈門中駿房地產開發有限公司), which was dissolved in 2005.

Jade Lakefront Manor (翠湖莊園)



Jade Lakefront Manor is a high-end residential development comprising 123 villas and four apartment buildings with retail units located at the intersection of Island Ring Road and Jinshang Avenue in Xiamen and is situated along the waterfront of the Dai Liao Reservoir (埭遼水庫). Jade Lakefront Manor is conveniently located near the Xiamen International Airport, the Ji Mei Bridge (集美大橋), the Wu Yuan Bay Commercial District (五緣灣商業圈) and Cheng Gong Avenue, the main road of Xiamen and is only seven kilometers from Wu Tong pier (五通碼頭). There is also a large scale resident clubhouse and other recreational and sporting facilities within Jade Lakefront Manor. The project was completed in January 2006.

The project occupies a total site area of approximately 48,126 sq.m. with a total GFA of approximately 72,768 sq.m. We developed this project through our wholly-owned subsidiary, Xiamen Guanyu Real Estate Development Company Limited, which is in the process of dissolution.

BUSINESS

With the exception of one villa and one residential apartment with an aggregate GFA of 869 sq.m. that we have retained for our own use, all of the saleable units of this project were sold.

Green Lake Mansion (碧湖豪庭)



Green Lake Mansion is a high-end residential development comprising one low-rise building, four high-rise buildings and one office building with retail store fronts located at the intersection of Hu Ming Road and Bin Lang Road in Xiamen and situated at the waterfront of the Yundang Lake (筭管湖), the largest lake in Xiamen's main city district and within the Fu Shan Business Circle (富山商圏). Green Lake Mansion is surrounded by commercial and educational facilities. It is within close proximity to the Bin Bei CBD (濱北CBD商務區) and Bin Lang Road (檳榔路), a popular entertainment hub in Xiamen with numerous pubs, bars and restaurants. In 2006, Green Lake Mansion received the "Provincial Civilized Construction Site of the Year" (年度省級文明工地稱號) award from the Fujian Construction Department. The development was completed in July 2006.

The project occupies a total site area of approximately 9,117 sq.m. with a total GFA of approximately 43,211 sq.m. We developed this project through our wholly-owned subsidiary, Xiamen Aite Real Estate Development Company Limited, which was dissolved in 2009. With the exception of six retail units with an aggregate GFA of 937 sq.m. which we have retained for investment purposes, all of the saleable units of this project were sold.

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Sapphire Peninsula (Xiamen) (廈門•藍灣半島)



Sapphire Peninsula (Xiamen) is a high-end residential development comprising 15 high-rise buildings with retail store fronts located at the intersection of Haicang Avenue and Canghong Road in the Haicang Port District within the Haicang Investment Zone. Sapphire Peninsula (Xiamen) sits next to our Seashore Suite No. 1 development project and also is located on the first row of the Xihai waterfront next to the Binhai Park and is situated within 20 minutes from the Xiamen International Airport. The development was completed in January 2008. In 2008, Sapphire Peninsula (Xiamen) received the “Egret Cup for The High Quality Landscaping and Greenery Project” (白鷺杯景觀綠化優質工程) from the Xiamen Landscaping and Greenery Association. In addition, all 15 buildings of Sapphire Peninsula (Xiamen) received the “High Quality Construction of Xiamen” (廈門市優良工程) award from the Xiamen Engineering and Construction Quality and Safety Management Association.

The project occupies a total site area of approximately 45,917 sq.m. with a total GFA of approximately 135,747 sq.m. We developed this project through our wholly-owned subsidiaries, SCE Xiamen Sapphire Peninsula and SCE Seashore Suite No.1. With the exception of one retail unit and four residential apartments with an aggregate GFA of 1,845 sq.m. which we have retained for investment purposes, all of the saleable units of this project were sold.

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Junda Center (駿達中心)

Junda Center is an integrated residential and commercial complex comprising three seven-storey buildings located at the south side on the east section of Tu Men Road, a busy commercial district in Quanzhou City. It is also within two kilometers of East Lake Park and the Ci Tong Park and surrounded by commercial and other recreational facilities. Junda Center was our first project and was completed in September 1998 and all of the saleable units of this project were sold.

The project occupies a total site area of approximately 4,322 sq.m. with a total GFA of approximately 18,853 sq.m. We developed this project through a wholly-owned subsidiary which was dissolved in 2006.

Urban Redevelopment of Jin Huai Street — Yuda Community (津淮街舊城改造 — 裕達小區)

Yuda Community is an integrated residential and commercial complex comprising 11 seven-storey buildings and two 13-storey buildings located at the north of the western section of Jin Huai Street, a busy commercial district in the heart of Quanzhou City. Yuda Community is an urban redevelopment project in Jin Huai Street developed in collaboration with the Feng Ze District Government beginning in 1999. Yuda Community is conveniently located close to Ci Tong Park and is surrounded by commercial and other recreational facilities. It was completed in April 2002 and all of the saleable units of this project have since been sold.

The project occupies a total site area of approximately 43,695 sq.m. with a total GFA of approximately 84,695 sq.m. We developed this project through our wholly-owned subsidiary, SCE Yu Da Community, which is in the process of dissolution.

Century Star (世紀巨星)

Century Star is an integrated residential and commercial complex comprising six multi-storey buildings and five high-rise buildings located at the intersection of Ci Tong Road and Quan Xiu Road in the Central Business District of Quanzhou City. It is situated in a high-end residential area close to the new transportation center in Quanzhou, within 300 meters of the district government offices, and near a large number of recreational and sporting facilities nearby. The project was completed in November 2004 and all of the saleable units were sold.

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The project occupies a total site area of approximately 26,342 sq.m. with a total GFA of approximately 83,167 sq.m. We developed this project through our wholly-owned subsidiary, SCE Century Star, which was dissolved in 2008.

Recent land acquisition

On January 6, 2010, we succeeded in bidding for the acquisition of a parcel of land in Nan'an and, as a result, we entered into a land grant contract with the relevant land resources bureau on the same day. The land grant contract has been approved by the Nan'an municipal government and has become effective on January 6, 2010. According to the land grant contract, the total site area of the land parcel to be acquired by us is 64,632.18 sq.m. and the land parcel can be used for retail and residential purposes. The total land premium payable pursuant to the land grant contract is RMB150 million, which shall be payable in three installments. As of the Latest Practicable Date, we had, in accordance with the terms of the land grant contract, paid RMB60 million, representing 40% of the total land premium and including the down payment and the first installment payment of the land premium with respect to the acquisition of such land parcel. The second installment payment for the land premium in the amount of RMB45 million is payable within nine months from the date of the land grant contract and the third and final installment payment for the land premium in the amount of RMB45 million is payable within 18 months from the date of the land grant contract. We intend to develop this project as residential property. We intend to form a joint venture with an independent third party to jointly undertake the development of the project. The joint venture company is expected to be held as to 80% by us and as to 20% by the independent third party.

OUR PROPERTY DEVELOPMENT PROCESS

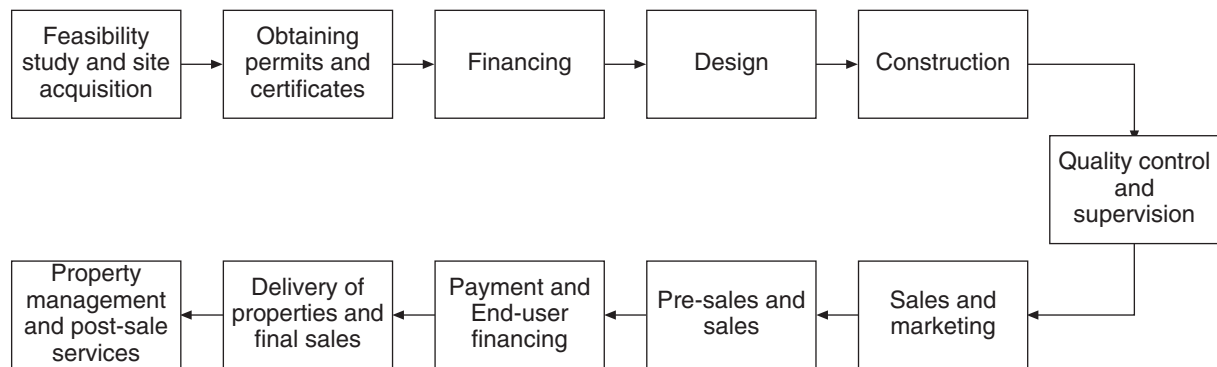
Project management system and procedures

We are highly focused on our property development process. As such, we have developed a set of detailed and standardized operating procedures to which we strictly adhere when conducting each feasibility study, site selection, project planning, project design and construction, marketing, pre-sales, sales, post-sales support, and other development processes. These processes are managed, coordinated and supervised by our management at our headquarters in Xiamen and implemented by the departments of our regional offices and project companies. Under these operating procedures, substantial input from, and constant monitoring and supervision by, different departments will be in place for each stage of our development process. Our operating procedures are designed to enable real-time monitoring and supervision of each stage of our development process in order to help us identify and resolve potential problems as early as possible during the project cycle. We then are able to minimize material deviations from pre-approved budgets at each stage of our development process. Although the

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nature and sequence of specific planning and execution activities may vary from project to project, below we have summarized the core elements of the typical project development process for our properties:

Property Development Process



We have generally established separate project companies to undertake the development of each project and to facilitate the management of the development of each project. In line with industry practice and for the purpose of avoiding unnecessary administrative costs and resources to maintain a project company, we have, in the past, dissolved the relevant project company after the property development was completed if a new development project which could be developed through such project company was not available in the locality shortly after the original development project was completed. We will consider a number of factors to determine whether, in the future, a project company will be dissolved after the property development project has been completed. These factors include the availability of a new property development project in the locality and whether it is necessary or useful to retain the project company to obtain a higher qualification certificate on the basis of the property development experience of such project company.

Feasibility study and site acquisition

Performing a feasibility study is the first step of our property development process. Our strategic development department and sales management department performs feasibility studies for potential property development projects based on factors such as the supply and demand in the relevant property market, potential market growth, local urban planning and specifications, geographical location of the development sites, and the estimated cost of development. Other departments, including the audit and legal department, the design management department, financial management department and construction management department work closely together with our strategic development department and provide input based on their respective expertise. The strategic development department then prepares a feasibility study report for consideration and seek approval from our Board.

Upon approval by our Board, we attempt to acquire the site for the property development project. We generally acquire land through participating in the public tender, auction and listing for sale process or acquiring project companies from other developers. For certain projects, we establish joint ventures with third parties who hold the relevant land use rights to develop the site.

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Permits and certificates

Once we obtain the development rights to a parcel of land, we apply for necessary permits and certificates to commence construction of our properties. A property developer is only allowed to commence construction of a property development upon obtaining all of the construction work commencement permit, which are often only issued after the land use rights certificate, the construction land planning permit and the construction work planning permit are obtained. Further details of these certificates and permits are set out below:

- **land use rights certificate** — a certification of the right of a party to use a parcel of land;
- **construction land planning permit** — a permit authorizing a developer to begin the survey, planning and design of a parcel of land;
- **construction work planning permit** — a permit indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction work commencement permit; and
- **construction work commencement permit** — a permit required for commencement of construction work.

As of November 30, 2009, we have obtained the land use rights certificate for all of our property development projects that are completed, under development and held for future development and have obtained all the above certificates and permits for all of our property development projects that are under development prior to the commencement of construction of these projects.

Financing

We finance our projects primarily through capital contributions from our Shareholders, bank loans and internal cash flows, including proceeds from the pre-sale and sale of our properties.

Although the financing methods vary from project to project, we are required under relevant PRC regulations to invest at least 20% of our own funds when we develop ordinary commercial houses (ordinary commercial houses generally means residential units for sale subject to local regulations which may impose further specifications), and with at least 30% of our own funds when we develop other property development projects.

Bank financing has been one of the sources of funding for our property development projects. As of the Latest Practicable Date, we had obtained aggregate banking facilities of RMB12,100 million. For details of our banking facilities, please refer to the section headed "Financial Information — Indebtedness — Bank and other borrowings". According to guidelines issued by the CBRC, no construction loan may be granted to projects which have not obtained the relevant land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit. In addition, the PRC Government has from time to time in the past adopted

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certain restrictive measures to control the pace of development of the PRC property market, which may affect our ability to obtain bank financing. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may not be able to obtain adequate funding for our property developments” of this prospectus.

It is one of our strategies to optimize our capital and financing structure to secure sufficient financing for our future property development projects which we aim to achieve through a combination of retained earnings and access to the capital and debt markets.

Design

Our design management department is responsible for coordinating all design-related aspects of the development related to the design of a project. By working closely with our external architectural, interior, landscaping and greenery design contractors, as well as our internal construction management department and sales and marketing department, our design management department seeks to ensure that we consistently develop high-quality projects with innovative designs that appeal to potential property buyers.

Notwithstanding our emphasis on quality assurance and cost control procedures, we also aim to develop properties with innovative designs. For example, our Seashore Suite No.1 project was awarded “The Best Landscape Design in Xiamen” (廈門最佳景觀設計獎) by the Xiamen Real Estate Association and our Sapphire Peninsula (Xiamen) project was awarded the “Egret Cup for The High-Quality Landscaping and Greenery Project” (白鷺杯景觀綠化優質工程) by the Xiamen Landscaping and Greenery Association.

Construction

Upon obtaining the development rights to a parcel of land, our in-house construction team will commence work to prepare the land for construction and development, including, arranging for the fencing of the site.

We have commenced construction work for, and invested in, our property development projects in accordance with relevant laws and regulations on idle land and our PRC legal advisor has confirmed that no idle land fee has been imposed on the Group and has further advised us that none of our land held for development purposes has been identified as idle land by the relevant land resource bureaus. We will strictly comply with the relevant laws and regulations on idle land with respect to our future property development projects.

Our construction management department arranges for the selection of construction contractors through a tender process in accordance with applicable regulations. We typically conduct comprehensive due diligence on our contractors, and the successful bidder is selected based on a number of factors including its proposed fee, the proposed construction schedule for completion, the quality of its construction work, the construction plan, proposed allocation of manpower, safety measures and standards, equipment and facilities proposed to be adopted, and the industry experience of the project manager. Depending on the complexity and the scale of our project, some factors may outweigh others in determining the contractor that we select for each project.

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Our construction contracts generally provide for progressive payments at specific milestones throughout the construction process. We also generally retain 5% of the contract sum for a period of one to two years after completion of the construction work and will apply such retained amount against any expense incurred by us to rectify any defects should the contractor fail to rectify these when called upon to do so. Equipment and construction materials required for our construction works are generally procured by our contractors at a pre-agreed price. In the event that the final purchase price of the equipment and construction materials procured by our construction contractors increases or decreases by more than a pre-determined percentage from the pre-agreed price, payments to our contractors will be adjusted accordingly to reflect any such difference exceeding the pre-determined percentage. Certain equipment, such as elevators and air-conditioning units, are centrally procured through our procurement department from our pre-selected vendors, which are willing to provide favorable price arrangement for our bulk purchases.

We are not responsible for any labor-related issues of our contractors. Under our construction contracts, the contractors are required to make an upfront payment of 5% of the contract sum to guarantee the performance of their obligations under the contracts and we are entitled to apply such amount against any liability incurred by us as a result of any non-compliance with applicable PRC laws and regulations concerning environmental protections, social and safety issues by the contractor.

Quality Control and Supervision

We place a strong emphasis on quality control to ensure our property development projects not only comply with relevant regulations but also meet very high standards.

We have standardized and detailed quality control procedures in place for our various functional departments. We have also established stringent internal quality control procedures which apply to the design, construction and quality of materials used in our property development projects.

Quality control procedures are implemented by each functional department through on-site inspections and supervision on a daily basis. In addition, we engage independent and certified engineering supervisory companies to conduct quality and safety control checks on all building materials, equipment and construction in accordance with relevant PRC regulations.

We are of the view that our commitment to quality control and developing high-quality properties are widely recognized and we have received various awards in recognition of the quality of our properties, including receiving the “Second Prize for the National Excellent Engineering and Construction Quality Management Team” (全國工程建設優秀質量管理小組二等獎) from the Review Panel of the National Engineering and Construction Quality Prize for our Seashore Suite No.1 project and receiving the “High Quality Construction of Xiamen” (廈門市優良工程) award from the Xiamen Engineering and Construction Quality and Safety Management Association for all 15 buildings of our Sapphire Peninsula (Xiamen) project.

Sales and Marketing

Our sales and marketing department is based at our headquarters in Xiamen and is responsible for conducting market research, determining our marketing strategy, and formulating specific marketing plans for each property development project. Each of our project companies has also established its own

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marketing and sales teams to implement highly customized strategies for individual projects. The marketing and sales strategy varies from project to project and depends on a wide range of factors, including market conditions, the phase and location of the project, positioning of the project, targeted customer group and sales progress.

We generally market our property development projects through advertisements in newspapers and on outdoor billboards. We also set up on-site reception centers and mock-up offices at each of our project sites to display information relating to, and promote the sales of, the relevant project.

In 2008, we established the SCE Customers Club, which serves as a platform for us to communicate with our customers, handle customer complaints and encourage customer loyalty, and serves as a medium to promote sales of our properties to residents of our properties or potential buyers. All purchasers of our properties will, upon joining the SCE Customers Club, receive priority membership. In addition, potential customers can also apply to become a member of the SCE Customers Club.

In 2006 and 2007, we cooperated with a U.S. National Basketball Association (NBA) team, the Houston Rockets, for signboard advertisement in its home stadium during NBA basketball games. Rockets games were often televised in the PRC. We believe such cooperation with an internationally renowned sports association will further increase our brand recognition in Fujian and elsewhere in the PRC.

Pre-sales and Sales

The sales process of our property development projects typically occurs phase by phase and will generally commence with the pre-sale of our properties prior to completion of their construction. The proceeds from the pre-sale of our property development projects are an important source of financing for our property developments. Under applicable PRC laws, the following must be fulfilled before we are permitted to commence any pre-sale activities:

- the land premium must be paid in full and the land use rights certificate must have been obtained;
- the construction works planning permit and the work commencement permit must have been obtained;
- the funds contributed to the development of the project shall amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion of the project for use must be ascertained; and
- the pre-sale approval must have been obtained.

According to applicable pre-sale regulations in Fujian Province, in addition to the above requirements, more than 20% of the floors must have been completed in accordance with the original construction plan before we can commence any pre-sale activities in Fujian Province.

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Our PRC legal advisor has advised us that, during the Track Record Period, we have obtained all the necessary certificates, permits and documents for, and are in compliance with all applicable laws and regulations in relation to, the pre-sale of our property development projects.

Payment and End-user Financing

Our customers are required to make payment for our properties by lump sum. Some customers make their payments for the purchase of our properties by obtaining mortgage financing from banks and other financial institutions.

In line with market practice, we have arrangements with various banks for the provision of mortgage facilities to our customers and provide guarantees for these mortgages generally until completion of construction and the relevant property ownership certificates are delivered to the relevant banks. As of December 31, 2006, 2007 and 2008 and September 30, 2009, the amount of the outstanding guarantees of the mortgage loans was RMB238.0 million, RMB688.3 million, RMB504.2 million and RMB764.2 million, respectively. For the three years ended December 31, 2006, 2007 and 2008 and the nine months ended September 30, 2009, there were no defaults in the mortgage loans taken out by our customers and secured by our guarantees.

Delivery of Properties and Final Sales

Once a property development project has passed the requisite government inspections and is ready for delivery, we notify the purchaser and deliver the properties to complete the sales process. Our pre-sale and sale contracts provide the time frame for delivery and we are required to make penalty payments to our customers for any delay in delivery. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We face contractual risks relating to the pre-sale of properties, including the risk that property developments cannot be completed, or cannot be completed on time” in this prospectus. During the Track Record Period, there were no delays in delivery of our properties to our customers.

Property Management and Post-Sale Services

We provide property management services to a number of projects we have developed. In order to provide high-quality, dedicated post-sale services to our customers and to maintain the quality of our property development projects after delivery, we intend to provide property management services for each of the properties we develop in the future. Our property management services are provided through our three wholly-owned subsidiaries, SCE Xiamen Property Management, SCE Quanzhou Property Management and SCE Beijing Property Management under the “世邦泰和” brand. We also occasionally engage the services of external property management consultants such as DTZ and Savills to provide property management advice, which we believe will allow us to offer high-quality services to residents of our properties.

The property management services provided generally include security, maintenance of common facilities and gardening and landscaping. The typical property management contract entered into by our property management companies and owners of the properties sets out the scope and the quality requirements of the services to be provided by our property management companies. We prepare

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maintenance and renovation plans for the properties and public facilities that we manage. We are not permitted under the property management contract to assign the management duties in their entirety to a third party but we are allowed to outsource certain specialised functions to independent third parties. The property management contracts also set out relevant management fee arrangements.

Under PRC law, owners have the right to engage or dismiss a property management company with the consent of more than half of the number of owners and the owners in aggregate holding more than 50% of the interest in the non-communal area of the building. As of November 30, 2009, none of our property management companies had been dismissed by the owners from managing any of the properties that were managed by such management companies, although we voluntarily resigned as property manager of Jun Jing Garden in 2008 as a result of a lack of internal resources at the time.

Suppliers and Customers

Our suppliers primarily include construction contractors, building material suppliers and equipment suppliers. For the three years ended December 31, 2006, 2007 and 2008, purchases attributable to our single largest supplier, excluding land costs, amounted to approximately 36%, 31% and 22%, respectively, of our total purchases in each period and purchases, excluding land costs, attributable to our five largest suppliers amounted to approximately 81%, 66% and 62%, respectively, in each of the three years ended December 31, 2006, 2007 and 2008.

We target a broad base of customers with varied income levels and backgrounds, with customers having a relatively high disposable income who aim to enjoy a high standard of living at reasonable costs being our primary target customers. Most of our customers are local customers, but we are also beginning to target overseas Chinese, especially Taiwan residents. We believe the *Several Opinions in relation to supporting Fujian Province to accelerate the development of the Western Taiwan Strait Economic Zone* (《關於支持福建省加快建設海峽西岸經濟區的若干意見》) promulgated by the State Council on May 6, 2009 may promote further foreign investment in Fujian Province and lead to an increase in demand for our properties. Our five largest customers of our properties accounted for 8.6%, 4.3% and 6.0% of our total sales in the three years ended December 31, 2006, 2007 and 2008, respectively.

None of our Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of our share capital) has any interest in any of our five largest suppliers or customers.

RENTAL PROPERTIES

In addition to the sale of residential properties developed by us, we also lease out the retail units in World City and the office units in SCE Building. As of November 30, 2009, the retail units and office units which we held for the purpose of leasing to third parties have an aggregate leasable GFA of 36,136 sq.m., of which an aggregate GFA of 22,791 sq.m. have been leased out pursuant to general leases lasting no more than three years. Since we began to offer the retail units in World City for lease in the second quarter of 2009, we have received strong demand for such units and we currently expect that substantially all of the retail units will be leased out by the end of 2009.

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For the three years ended December 31, 2006, 2007 and 2008 and the nine months ended September 30, 2009, our gross rental income was RMB0.1 million, RMB0.9 million, RMB1.7 million and RMB8.2 million, respectively.

PROPERTIES USED BY US

Properties owned by us

Our corporate headquarters are located at Phase 1 of the SCE Building with a GFA of 7,636 sq.m. We also own and use four other properties in Beijing, Hong Kong and Xiamen with an aggregate GFA of 4,099 sq.m. as office space and staff quarters. SCE Golf Course, a company in which we act as a passive investor and indirectly hold an approximately 20.4085% equity interest, holds a piece of land with a site area of 787,200 sq.m. which is being used as an 18-hole golf course.

Properties rented by us

As of November 30, 2009, we also rented from Independent Third Parties 11 properties with a total GFA of approximately 4,560 sq.m. which we use primarily as office space, sales offices, storage facilities and staff quarters.

Among the 11 properties we rented from Independent Third Parties, the relevant landlords of 9 properties, with an aggregate area of approximately 3,535 sq.m., are unable to provide to us the title documents in relation to the properties leased to the Group. Our PRC legal advisor has advised us that, as a result, the legality of the lease agreements which we have entered into with the relevant landlords cannot be ascertained, and our rights under these lease agreements may not be protected under PRC laws. These 9 properties are used by the Group as office space, sales offices and staff quarters, and the Directors are of the view that in the event that these 9 leases are terminated, we will be able to secure alternative office spaces without incurring any material costs.

With respect to one property we rented from an Independent Third Party with an area of 615 sq.m. which we used as office space and the lease of which will expire on April 30, 2012, our PRC legal advisor has advised us that this is inconsistent with the condition specified in the property title certificate held by the relevant landlord which requires the property to be used for residential purpose. Under the relevant PRC laws and regulations, the responsibility for such inconsistent usage is on the part of the landlord and the authority in charge of land administration may order the landlord to terminate such inconsistent use and may revoke the grant of the land. As a result, our lease agreement with the landlord may have to be terminated. Our PRC legal advisor has further advised us that in the event that the lease agreement is terminated, the relevant landlord is required, under PRC laws and regulations and the lease agreement, to indemnify us from the losses that we may suffer due to early termination of the lease. We are not aware of any safety concern as a result of such inconsistent land use, and the Directors are of the view that in the event that the lease is terminated, we will be able to secure alternative office space without incurring any material costs.

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COMPETITION

Competition within the property industry in the PRC is highly intense. Our existing and potential competitors include major domestic state-owned and private developers and foreign-funded property developers who focus on developing residential property markets in the PRC. Competitive factors include the size of land reserves, geographical location and the types of property offered, brand recognition by customers, the ability to secure financing, creditworthiness of developers, property prices and property design quality. A number of our competitors have greater financial, marketing, land bank and other resources than we do, as well as greater economies of scale, broader name recognition, a longer track record and more established status in the property markets where they operate.

For more information on competition, please refer to the section headed “Risk Factors — Risks Relating to the Property Sector in the PRC — We face intense competition from other real estate developers” in this prospectus.

INSURANCE

Property developers are not required under PRC laws and regulations to maintain insurance coverage in respect of their property development operations. In line with the industry practice, we do not maintain insurance coverage on our properties developed for sale except for those developments which we are required to maintain insurance coverage for under the security agreements. In addition, we generally do not take out insurance against personal injuries that may occur during the construction of our properties. According to relevant PRC laws and regulations, the general contractors and construction companies are responsible for safety control during the course of construction and are required to maintain accident insurance for their construction workers. The general contractors and construction companies will bear the risks and liabilities arising from tortuous acts committed on work sites under the terms of our construction contracts. To date, we have not experienced any material damage to our property developments nor have any material personal injury-related claims brought against us.

We carry social insurance for our employees and maintain, on a voluntary basis, personal accident insurance and supplementary commercial insurance, which comply with the relevant PRC rules and regulations. We believe that our policies with respect to insurance are in line with the industry practice in the PRC.

We have taken out motor vehicle insurance and property all-risk insurance for our headquarters, SCE Building, which complies with the relevant PRC rules and regulations. We are of the view that the insurance coverage taken out by the Group is typical and in line with the industry practice for similar operations and is adequate for the operations of the Group. However, there is a risk that we do not have sufficient insurance coverage for losses, damages and liabilities that may arise from our business operations. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may suffer losses and claims arising from uninsured risks” in this prospectus.

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SOCIAL, HEALTH AND SAFETY MATTERS

In respect of social responsibilities, in particular, labor health, safety and social insurance, pursuant to the regulations of the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China and Opinions on Several Questions concerning the implementation of the Labor Law of the People's Republic of China, an enterprise is required to execute an employment contract with its employees according to the relevant laws and regulations and shall not rescind the employment contract without cause. Employees are entitled to rest and have annual leave based on the law and provisions as stipulated in an employment contract. An enterprise is required to have health and safety policies and provide health and safety training to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as any necessary protective gear. Pursuant to the regulations of the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees, Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees, the Provisional Insurance Measures for Maternity of Enterprise Employees, Regulations on the Management of Housing Provident Fund, Regulations on Unemployment Insurance and Regulations on Industrial Injury Insurance, an enterprise is required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance, and personal injury insurance for its staff and pay the relevant insurance premiums in accordance with relevant laws and regulations.

During the Track Record Period, we did not violate any currently applicable PRC social, health and safety regulations in any material respect. We have in the past complied with the new PRC labor laws in all material respects and will continue to do so, and do not expect such compliance to affect our business operations in any material respect. We believe that by protecting the interests of our employees, we can enhance employee morale and improve our long-term retention rate of quality personnel.

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organised by the PRC provincial and municipal governments for our employees. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, personal injury insurance and housing provident fund. Our human resources department personnel are responsible for our social, health and safety issues. They generally have sound knowledge of administration on employment and related matters and are aware of the latest legal development in this area and our compliances with the relevant requirements.

INTELLECTUAL PROPERTY RIGHTS

We conduct our property development business under the “中骏”, “ ” and the “ 中骏置业 ” trademarks, all of which are registered in the PRC and owned by us, and our property management business under the “世邦泰和” trademark, for which we have filed the applications for registration with relevant authorities in the PRC. We are also the registered owner of the domain name “www.sce-re.com”. Further details of our intellectual property rights are set out in the section headed “Intellectual property rights” in Appendix VII to this prospectus.

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Fujian Quanzhou Transformer Manufacturing Company Limited* (福建省泉州變壓器製造有限公司), a company controlled by Mr. Wong, has registered the trademarks “中發”, “SCE” and “” in the PRC in the areas of manufacturing of transformers and other electric machinery. We do not have any control over the use of these trademarks by Fujian Quanzhou Transformer Manufacturing Company Limited in these areas of goods and services, and any negative publicity concerning such use of these trademarks by Fujian Quanzhou Transformer Manufacturing Company Limited may have an adverse impact on the image and brand recognition of our Group. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We rely on our trade name and trademarks, and any infringement or inappropriate use of our trade name or trademarks may be detrimental to our reputation and profitability” in this prospectus.

As of the Latest Practicable Date, we were not aware of any infringement (a) by us against any intellectual property rights owned by third parties or (b) by any third parties against any intellectual property rights owned by us.

COMPLIANCE WITH RELEVANT PRC REGULATIONS AND REQUIREMENTS

Inconsistent land use

The actual land use of Phase 1 of the SCE Building is inconsistent with the condition specified in the land use rights certificate. Under the relevant land use rights certificate, Phase 1 of the SCE Building is to be used for storage purposes and we have been using such property as an office building. Our PRC legal advisor has advised us that under the relevant PRC laws and regulations, we may be subject to a penalty of not less than RMB10 per sq.m. and not more than RMB30 per sq.m. for such inconsistent land use and that the authority in charge of land administration may either issue an order to revoke the grant of the land or an order for us to pay an additional land premium to amend the condition in the land use rights certificate. On this basis, we estimate that the penalty that may be imposed on us for such inconsistent land use will not exceed RMB409,331. Our PRC legal advisor has advised us that the risk of any penalty or revocation of the grant of the land is not material. Such view is based on our PRC legal advisor’s understanding of the practical application of the relevant regulations and following consultation by our PRC legal advisor with relevant officials of the Xiamen Bureau of Land and Resources, and also in light of the fact that the construction of Phase 1 of SCE Building has now been completed. Our PRC legal advisor has further advised us that in the future, in the event that we are required by the relevant authorities to pay additional land premium for conversion of land use from storage purposes to office purposes, such additional land premium will not be significant as, according to the Xiamen Bureau of Land and Resource, the difference in value of a piece of land which is prescribed for “storage” use and a piece of land prescribed for “office” use is minimal.

The leasing of office units in Phase 1 of the SCE Building is also inconsistent with the prescribed use of the property under the relevant land use rights certificate. In addition to the potential legal consequences described above, our PRC legal advisor has also advised us that in the event that the authority in charge of land administration issues an order to revoke the grant of the land for such inconsistent land use, we may be required to terminate the lease agreements with the tenants in the SCE Building and, subject to any separate agreement by the parties in the lease agreement, we may be required under relevant PRC laws and regulations and the terms of the lease agreement to indemnify the losses suffered by the tenants as a result of the early termination of the leases. However, as described

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above, our PRC legal advisor has advised us that the risk of revocation of the grant of the land is not material. As of November 30, 2009, we leased 12 office units of Phase 1 of the SCE Building and these leases will expire between October 2010 to December 2017. Pursuant to the lease agreements entered into between SCE Xiamen Guanjun and the tenants, SCE Xiamen Guanjun is required to serve such tenants with a three-month notice upon early termination of the lease agreements and to indemnify the tenants with an amount equivalent to one-month rent. The amount of rent receivable each month by SCE Xiamen Guanjun for all existing leases in the SCE Building amounted to RMB212,609. Accordingly, even if the Company is required to terminate the lease agreements upon revocation of the grant of the land, the estimated maximum amount payable to tenants as a result of early termination of the leases is approximately RMB212,609. For the three years ended December 31, 2006, 2007 and 2008 and the nine months ended September 30, 2009, the rental income we received from the lease agreements in relation to Phase 1 of the SCE Building was nil, RMB51,000, RMB954,000 and RMB1,989,000, respectively, representing approximately 0%, 0.01%, 0.29% and 0.36%, respectively, of our total revenue during the same period and our Directors are therefore of the view that such rental income is not material to the Group as a whole.

We were aware of the inconsistent land use described above prior to the acquisition of the project site and the commencement of the construction of Phase 1 of SCE Building, but we received assurances from the Xiamen Bureau of Land and Resources at that time that we will be permitted to construct an office building over the site notwithstanding that the site was designated for storage purposes. We have also consulted with the Xiamen Bureau of Land and Resources regarding the feasibility of applying for a conversion of land use from storage purposes to office purposes, and the Xiamen Bureau of Land and Resources has indicated that they do not have any current plan to require us to change the use of the land site. In the event that the Xiamen Bureau of Land and Resources requests us to apply for a conversion of land use in the future, we will use our best endeavours to complete all relevant applications and comply with all relevant requirements. Our PRC legal advisor has also advised us that under such circumstances, as long as we follow the normal procedure regarding the conversion of land use, there will be no material legal impediment for us to apply for such conversion of land use. In light of the above, we expect not to use any property in a manner that is not in accordance with the usage prescribed in any future land use rights contract. Notwithstanding that, we are using and leasing out of Phase 1 of the SCE Building as offices instead of for storage purposes as prescribed in the land use rights certificate, as Phase 1 of the SCE Building has received the construction completion certificate and has been constructed in accordance with the specifications for an office building, we are not aware of any safety concern as a result of such inconsistent land use.

Furthermore, our Controlling Shareholder has agreed to indemnify us from and against any losses and penalties which may be imposed or levied by the PRC Government authorities for the non-compliance of the usage prescribed in the land use rights certificate of SCE Building.

Allocated land

In December 1996, the People's Government of Fujian Province granted the relevant approval on the allocated land on which the 18-hole golf course currently owned by SCE Golf Course (a company in which we are a passive investor) is located. The nature of the land use rights of the piece of land held by SCE Golf Course which is currently being used as an 18-hole golf course is allocated land for entertainment purposes, which cannot be allocated by the relevant PRC Government authority. Our PRC

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legal advisor has advised us that in order for the land to be used for a golf course, the land should have been granted to us as granted land, as opposed to allocated land, at the time we obtained the land, and therefore the current use of the land by SCE Golf Course is not in compliance with relevant laws and regulations. As a result, there is a possibility that the land may be reclaimed by the relevant land administration department. Our PRC legal advisor further advised us that since December 12, 2006, land for golf course purposes will no longer be granted by the relevant government authority, and therefore it will no longer be possible for SCE Golf Course to obtain granted land use rights over such land for its current purpose. In the event that SCE Golf Course failed to return the land when ordered to do so by the land administration authority, SCE Golf Course may be subject to a penalty of not less than RMB10 per sq.m. and not more than RMB30 per sq.m. On this basis, we estimate that the penalty that may be imposed on SCE Golf Course and attributable to us if SCE Golf Course fails to return the land when being ordered to do so by the land administration will not exceed RMB4,820,000. Our PRC legal advisor also advised us that except for such penalty, no other penalty will be imposed on SCE Golf Course in relation to its current use of the land. Pursuant to the *Notice Regarding the Strict Enforcement of the Management of Construction Land and Promotion on the Utilization of Acquired but Unused Land* (《國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知》) issued by the MLR on August 11, 2009, the use of land for golf course purposes is strictly restricted and there is a possibility that the land allocated by the relevant Land Resources Department for entertainment purposes will be reclaimed by the PRC Government. As of the Latest Practicable Date, SCE Golf Course has not received any notice from the land administration authority requiring it to return such piece of land. Since our acquisition of an interest in SCE Golf Course in 2007, the investment loss of SCE Golf Course shared by the Group was RMB1,198,000, RMB2,724,000 and RMB404,000, respectively, for the two years ended December 31, 2007 and 2008 and the nine months ended September 30, 2009, respectively. The Directors are of the view that if the Group's investment in SCE Golf Course is written off, the Company will suffer a loss which represents the net asset value of SCE Golf Course as shared by the Group of RMB8,530,000 as at September 30, 2009, and the Directors are of the view that apart from such loss arising from the write-off, the Company will not have any other financial exposure with respect to SCE Golf Course. As the loss that may be suffered by the Company arising from the writing off of the Group's investment in SCE Golf Course represents approximately 1.04% of the net asset of the Company, the Directors are of the view that the writing off of the Group's investment in SCE Golf Course will not have a material adverse impact on the financial condition of the Group.

Our Controlling Shareholder has also agreed to indemnify us of approximately 20.40% against any losses and penalties which may be imposed or levied by the PRC Government authorities on SCE Golf Course for operating on a parcel of land which was allocated for entertainment purposes beyond the People's Government of Municipality or County.

Qualification certificates

In response to increasing market demand, SCE World City developed World City with a higher total GFA in World City and SCE Seashore Suite No.1 planned for a higher total GFA in Seashore Suite No. 1, in each case slightly exceeding the maximum GFA that may be constructed by the respective project companies as allowed under the relevant qualification certificates. In particular, the qualification certificates of SCE World City and SCE Seashore Suite No.1 specified that the maximum GFA that may be constructed by each of SCE World City and SCE Seashore Suite No.1 is 100,000 sq.m., whereas the actual GFA of World City and Seashore Suite No.1 are 118,848 sq.m. and 105,406.70 sq.m.,

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respectively. However, pursuant to the construction work commencement permit issued by the relevant construction bureaus, which are also the government authorities that issued the said qualification certificates, the respective project companies were permitted to develop the two projects with such higher GFAs. Accordingly, our Directors are of the view that the fact that the total GFA exceeded the maximum GFA prescribed in the relevant qualification certificate would not adversely affect the construction work. Our PRC legal advisor has advised us that under the relevant PRC laws and regulations, the local authorities will normally grant a project company a grace period to rectify any such discrepancies, subject to payment of a one-time penalty of between RMB50,000 and RMB100,000. Failure to rectify the discrepancies within the specified time frame could result in the revocation of the qualification certificate and the business licence of the project company. However, our PRC legal advisor has further advised us that, as the relevant Construction Bureaus had issued the construction work commencement permit which permitted the two project companies to develop World City and SCE Seashore Suite No.1 at a higher total GFA, the relevant Construction Bureaus did not request the project companies to rectify the discrepancies and will be unlikely to revoke the qualification certificates and business licenses of SCE World City and SCE Seashore Suite No.1. As of the Latest Practicable Date, the qualification certificates and business licenses of SCE World City and SCE Seashore Suite No.1 have not been revoked although it is possible that a penalty of between RMB50,000 and RMB100,000 may be imposed on each of these project companies. Accordingly, such discrepancies are not expected to adversely affect construction or the sale of the underlying properties. We will use our best endeavors to avoid such similar events and non-compliance in the future.

In addition, the qualification certificate for SCE Golden Coast was cancelled in 2007 because it had not conducted any property development business in the prior three years. As required by the Planning and Construction Bureau of Shi Shi City, SCE Golden Coast is formulating the plan for demolition and relocation work, and the relevant government authority is currently carrying out demolition and relocation work in accordance with the redevelopment plan as approved by the People's Government of Shi Shi City, with the associated costs being borne by SCE Golden Coast. We are of the view that SCE Golden Coast does not require a qualification certificate at this stage. The qualification certificate is only required upon the commencement of the redevelopment of the Golden Coast project, which is expected to take place in May 2010. Accordingly, SCE Golden Coast intends to apply for renewal of the qualification certificate in January 2010 and the new qualification certificate is expected to be granted around March 2010. Our PRC legal advisor has confirmed to us that there is no material legal impediment to the renewal of the qualification certificate.

Furthermore, our Controlling Shareholder has agreed to indemnify us from and against any losses and penalties which may be imposed or levied by the PRC Government authorities because the planned total GFA of World City and Seashore Suite No. 1 exceeds the maximum GFA permitted in its respective qualification certificate.

Non-registration of leases

The lease agreements for all the properties that we rented from third parties and all the properties that we leased to third parties have not been registered. Our PRC legal advisor has advised us that the failure to register of a lease agreement will not affect the validity or enforceability of the lease agreement. Our PRC legal advisor has further advised us that with respect to the twelve properties in Beijing we leased to third parties, we may be subject to a penalty of not less than RMB200 and not more than

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RMB500 for each lease which has not been registered and with respect to the twelve properties in Xiamen we leased to third parties, a late stamping fee calculated at a rate of 0.3% of the monthly rental payment under the lease for each day the lease is late for stamping may be imposed. We expect to use our best endeavour to complete the outstanding registration of the lease agreements as soon as practicable and we expect such registration will be completed in three to six months after the Listing. For the three years ended December 31, 2006, 2007 and 2008 and the nine months ended September 30, 2009, the rental income we received from the leases that we have not registered was RMB0.1 million, RMB0.9 million, RMB1.7 million and RMB8.2 million, respectively, representing approximately 0.03%, 0.24%, 0.51% and 1.5%, respectively, of our total revenue during the same period, and our Directors are therefore of the view that such rental income is not material to the Group as a whole.

General

The Directors are of the view that, save as disclosed in this prospectus, we are in compliance in all material respects with all applicable laws and regulations to which we or our business is subject. For a discussion of the applicable laws and regulations, please see the section headed “Summary of PRC Laws Relating to the Property Sector” in Appendix VI to this prospectus.

In addition, with respect to our focus on high-end property developments, while the PRC Government has formulated and implemented certain policies and measures which aim to curb future development of high-end residential property projects, including those policies and measures which require the total area of units with a GFA of less than 90 sq.m. to be equal to at least 70% of a residential property project's total GFA and those which ban land provision for villa construction, our PRC legal advisor has confirmed that (i) all of our projects with respect to which the land use rights were obtained before the promulgation of the relevant policies would not be restricted by such policies (including the land used for villas) and (ii) we have complied with all applicable regulations and policies for our projects wherein land use rights were obtained after the promulgation of such policies.

Although the *Circular of the General Office of the State Council on Forwarding the Opinions of the MOHURD and other relevant PRC Government Authorities on Adjusting the Housing Supply Structures and Stabilizing Property Prices (Guo Ban Fa [2006] No. 37)* (《國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知》(國辦發[2006]37號)) (the “**Circular**”) issued by the General Office of the State Council on May 24, 2006 requires that the total area of units with a GFA of less than 90 sq.m. must equal at least 70% of a residential property project, local government authorities of provincial capital cities (such as Fuzhou in Fujian Province) and separated planned cities (such as Xiamen in Fujian Province) may adjust the required ratio upon approval from the Construction Department of the PRC. While we intend to strictly comply with relevant requirements when planning for the development of our projects in the future, in the event that the local government authorities of Fuzhou and Xiamen choose to adjust the required ratio with the approval from the Construction Department of PRC, our property development projects in Fuzhou and Xiamen may comply with the adjusted ratio and need not strictly comply with the required ratio set out in the Circular.

In addition, our focus on the development of high-end residential properties also extends to our commitment to build properties with high-quality, convenient access to transportation, comprehensive facilities, quality property management services and a good community environment, as opposed to a simple focus on the size of the properties.

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With respect to the ban on land provision for villa construction, we currently do not intend to acquire any land for villa development. On the other hand, our PRC legal advisor has confirmed that all of our projects with respect to which the land use rights were obtained before the promulgation of the relevant policies would not be restricted by such policies (including the land used for villas) and all projects of our Group the land use rights of which were obtained after the issuance of the relevant PRC Government policies have complied with these regulations.

According to the *Interim Regulations of the PRC on Agricultural Land Occupation Tax (State Council Order No. 511)* (《中華人民共和國耕地佔用稅暫行條例》(中華人民共和國國務院令第511號)) promulgated by the State Council and which took effect on January 1, 2008, any person who occupies agricultural land for construction of buildings or for non-agricultural purposes must pay agricultural land occupation tax. All of the land granted to us by the PRC Government authorities or acquired by us has been designated construction land as opposed to agricultural land. Accordingly, we have not been subject to any agricultural land occupation tax and have had no record of non-compliance with respect to such regulations.

Our PRC legal advisor has advised us that during the Track Record Period, except as disclosed in the paragraph headed “Qualification certificates” above, we held all the necessary certificates, permits and licences for the operation of our business in the PRC. Our PRC legal advisor has further confirmed that we were in compliance with relevant PRC laws and regulations regarding idle land in all material respects and that no idle land fee or additional value-added land premium had been imposed on the Group, the Group had not received any notices from the relevant government department that any of its property had been treated as idle land and that none of the properties of the Group should be treated as idle land. In addition, based on our current project development plan and understanding of current PRC laws and regulations, our PRC legal advisor is of the view that as long as we follow the normal procedures for the development of the projects under our current development plan, we will not be required to pay idle fees and additional value-added land premium or to forfeit the land for the relevant projects.

In addition, our PRC legal advisor has advised us that as of the Latest Practicable Date, we were in compliance with all the relevant rules, regulations and registration requirements imposed by the relevant PRC authorities in relation to the Global Offering. In particular, as each of our ultimate beneficial shareholders, namely Mr. Wong, Mr. Chen Yuan Lai, Mr. Cheng Hiu Lok and Mr. Huang Jiayi (i) has cancelled his PRC resident status; (ii) has obtained Hong Kong permanent resident or Hong Kong resident status; (iii) has not been residing in the PRC for most of the time each year in each of the past three years; (iv) is not currently holding any domestic interest in a PRC enterprise and (v) was not holding any domestic interest in a PRC enterprise before their PRC resident status was cancelled, relevant officials from SAFE Xiamen Branch have confirmed to our PRC legal advisor that each of our ultimate beneficial shareholders is not subject to the requirements set out in the Notice of SAFE on Issues relating to Foreign Exchange Control on Fund Raisings by Domestic Residents through Offshore Special Purpose Vehicles and Round-trip Investments promulgated on October 21, 2005 and our PRC legal advisor has advised that we are in compliance with such requirements.

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Measures to prevent future non-compliance

In order to continuously improve our corporate governance and to prevent future non-compliance with any laws, rules and regulations, we intend to adopt the following measures to achieve such goals:-

- (i) to establish a compliance committee headed by Mr. Bian Yinghua, our assistant president who is in charge of our strategic development department with Mr. Zheng Quanlou, the general manager of our design management department, Ms. Zhang Haitao, the general manager of our audit and legal department, and the project manager of the relevant project for each future project as members of the committee. The biography of each of Mr. Bian, Mr. Zheng and Ms. Zhang are set out in the subsection headed “Senior Management” of the section headed “Directors, Senior Management and Employees” in the prospectus. Such committee is responsible, in particular, to:
 - (a) review the proposed usage of future projects, whether they are in compliance with the usage prescribed in the relevant future land use rights contracts or whether any change of usage application shall be made, before the commencement of construction;
 - (b) monitor the process and progress of construction, such as conducting periodic review of construction plans, in order to ensure the planned GFA of our future projects will not exceed the permitted GFA prescribed in the qualification certificate; and
 - (c) arrange continuous training to be provided by our audit and legal department to the relevant personnel in the strategic development department, design management department and construction management department to reinforce their awareness of the relevant rules and regulations; and
- (ii) to provide internal training by our audit and legal department to the relevant personnel when there is a change of the relevant laws, rules and regulations in order to ensure continuous compliance with the applicable laws, rules and regulations; and
- (iii) periodically remind all officers and employees by way of internal memo the importance and necessity to follow the rules and policies as set out in the office manual, including the importance of carrying out and obtaining satisfactory legal due diligence and business due diligence prior to investing in entities and/or acquiring assets and to refrain from investing in entities and/or acquiring assets where there are material non-compliance issues with any laws, rules and regulations.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to certain laws and regulations concerning the protection of the environment. The particular environmental laws and regulations that apply to any given property development project vary according to its location, the environmental factors associated with such development, construction and/or operations and the current and future usage of the land and the properties. Pursuant to these laws and regulations, each property development project is required to undergo environmental assessments. An environmental impact assessment report has to be submitted by a property developer prepared by

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independent experts who possess relevant qualifications before the relevant authorities will grant a permit for commencement of construction work on the property development. The fee paid or payable to independent experts for the preparation of environmental impact assessment report is calculated with reference to the total GFA of each project site. The fee in relation to a project with a total GFA of less than 50,000 sq.m. is approximately RMB4,000 and the fee in relation to a project with a total GFA of more than 50,000 sq.m. ranges from approximately RMB10,000 to approximately RMB20,000. In addition, upon completion of the property development, the relevant environmental authorities will inspect the property to ensure compliance with applicable environmental standards and regulations before the property can be delivered to the purchaser. Save for the fee paid to independent experts for the preparation of environmental impact assessment report as mentioned above, we were not required to pay, nor did we incur, any annual cost of compliance with applicable environmental laws and regulations during the Track Record Period. In addition, we do not expect to incur any material cost of compliance with applicable environmental laws and regulations in the future.

Our PRC legal advisor has advised us that during the Track Record Period, there was no material violation of relevant environmental rules and regulations by our Group, no material environmental pollution incidents involving our Group, no material administrative penalty imposed on our Group as a result of violation of environmental rules and regulations, and no penalty payable in connection with our failure to submit the environmental impact assessment documents before the commencement of construction of our projects.

LEGAL PROCEEDINGS

In the ordinary course of business, we are occasionally involved in legal proceedings, the nature of which are primarily contractual disputes with customers and contractors, which is common in our industry. However, no member of the Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on the results of our operations or financial condition. As of November 30, 2009, based on information available to us, there were no outstanding legal proceedings against our Group.