In addition to other information in this prospectus, you should carefully consider the following risk factors, together with all other information contained in this prospectus, before making any investment decision in relation to the Offer Shares, which may not be typically associated with investing in equity securities of other companies. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, results of operations and prospects. If any of the possible events described below occur, our business, financial condition, results of operations and prospects could be materially and adversely affected and you could lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our business prospects depend heavily upon the performance of the PRC property market, particularly in the Pearl River Delta and the Yangtze River Delta regions

Our business and prospects depend heavily on the performance of the PRC property market, particularly in the Pearl River Delta and the Yangtze River Delta regions. As at December 31, 2010, substantially all of our completed projects and most of our projects under development, held for future development and projects contracted to be acquired were located in the Pearl River Delta and the Yangtze River Delta regions. In addition, our projects in these two regions accounted for substantially all of our revenue from sales of properties and rental income during the Track Record Period. We intend to focus on maintaining and increasing our market share in the Pearl River Delta and the Yangtze River Delta regions, while selectively increasing our presence in other markets in the PRC with high growth potential.

The PRC property market is affected by many factors, including changes in the PRC's social, political, economic and legal environment, changes in the PRC government's fiscal and monetary policy, the lack of a mature and active secondary market for residential and commercial properties and the limited availability of mortgage loans to individuals in China. Demand for residential properties in the PRC has been growing rapidly in recent years, but such growth is often coupled with volatility in market conditions and fluctuations in property prices. We cannot assure you that property development activity and prices will continue to grow at past levels or will not decline, or that we will be able to benefit from any future growth in the property market in the Pearl River Delta and the Yangtze River Delta regions. In particular, China's property market is affected by the recent slowdown in China's economic growth, with the yearly growth rate of China's gross domestic product decreasing to 11.5% for 2009 as compared to 16.9% for 2008 and 21.4% in 2007. A number of factors have contributed to China's economic slowdown, including the appreciation of the Renminbi and tightening macroeconomic measures and monetary policies adopted by the PRC government aimed at preventing the overheating of China's economy and controlling China's high level of inflation.

The slowdown was further exacerbated by the recent global financial crisis which resulted in extreme volatility and dislocation in the global capital markets and caused banks and other credit providers to restrict the availability of new credit facilities and to require more collateral and higher pricing upon the renewal of existing credit facilities. As China's economy is increasingly linked to the global economy due to China's dependence on export growth, its economy is affected in various respects by downturns and recessions in major economies around the world and the availability and cost of financing in China may be affected by the overall tightening of the global credit markets. It is uncertain how long the global credit crisis will continue and how adverse the impact will be on the major economies around the world generally and on China's economy specifically. Although the PRC government has recently taken measures to promote economic growth, it is uncertain whether such measures will be effective in improving China's economic condition. If China's economic condition deteriorates or does not improve, our results of operations, financial condition and business prospects may be materially and adversely affected.

Any decline in property sales or decrease in property prices in China generally or in the regions where we have property developments could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, the PBOC has raised the benchmark lending rate three times since October 1, 2010 and may make further increases in the future. Increases in interest rates make mortgage financing more expensive for our potential customers and may have a material adverse effect on our results of operations, financial condition and business prospects. For further information on the recent increases in interest rates, please see the paragraph headed "— Our financing costs may increase due to increases in interest rates" in this section. Any other adverse developments in national and local economic conditions as measured by such factors as inflation, employment levels, job growth, consumer confidence and population growth, particularly in the regions where our projects are located, may affect demand for our products and would have a material adverse effect on our results of operations, financial condition and business prospects.

As we expand into new markets, we may not be able to replicate the success we have achieved in our core markets

As at the Latest Practicable Date, we have focused our business on our core markets in the Pearl River Delta and the Yangtze River Delta regions. By focusing our business on these core markets, we believe we can obtain an understanding of, and insight into, market developments and trends in these regions. As part of our business strategy, we plan to expand into new markets within these and other regions in the PRC. The new markets in other regions may differ from our core markets in the Pearl River Delta and the Yangtze River Delta regions in terms of customer tastes, behavior and preferences. We will have limited ability to leverage our established brands and reputation in these new markets in the way that we have done or currently do in our core markets. Furthermore, the administrative procedures, regulatory schemes and tax regimes in such new cities may differ substantially from those in our core markets, and we may face additional expenses or difficulties in adapting to such procedures and complying with such regimes. In addition, as we enter new markets, we may not have the same level of familiarity with local contractors, suppliers and other business partners, business practices and customs as we do in our core markets.

When we expand into new markets, we may face intense competition from established property developers with experience in those markets. As a new player in such markets, we may need to recruit additional staff members with local knowledge, for which we may incur additional costs and face difficulties in management and operations. Any failure to successfully expand into new markets may have a material adverse effect on our business, financial condition, results of operations and prospects.

Additionally, in connection with our expansion plans, we may continue to acquire interests in or establish joint venture entities, which could require substantial financial support from us and involve certain risks and uncertainties. For example, our joint venture partners may have economic interests that are inconsistent with ours, and may take actions that are adverse to our interests. They may also be unable or unwilling to fulfill their obligations under the relevant joint venture agreements, disagree with us about the scope of such obligations, or have financial difficulties. We cannot assure you that we will not encounter problems with respect to any future joint venture partners, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

As a result of the foregoing, we may not be able to successfully leverage our experience in our core markets as we expand our business into new markets.

We depend on Mr. Wong, our Founder, Chairman and Chief Executive Officer, and other key management personnel, and our business may be adversely affected if we lose their services

Our future success depends heavily upon the continuing services of our senior management team. In particular, we rely on the experience and strategic vision of Mr. Wong, our Founder, Chairman and Chief Executive Officer. Competition for senior executives and key management personnel is intense and the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key management personnel or attract and retain high-quality senior executives or key management personnel in the future. If Mr. Wong or any of our senior executives or key management personnel are unable or unwilling to continue in their present positions, we may not be able to replace them in a timely manner or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

As our business continues to grow, we will recruit, train and retain additional qualified experienced personnel. Our failure to attract and retain such qualified personnel could also have a material adverse effect on our results of operations, financial condition and business prospects.

We maintain a substantial level of indebtedness, which may affect our business, financial condition, results of operations and prospects

We maintain a substantial level of indebtedness. Our total borrowings, which include our bank borrowings, loans from non-controlling shareholders and loans from a related company, were HK$2,041.3 million, HK$1,615.5 million, HK$4,347.3 million and HK$5,800.6 million as at December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. In comparison, our total equity as at December 31, 2007, 2008 and 2009 and September 30, 2010 was HK$344.9 million, HK$887.7 million, HK$1,398.7 million and HK$274.8 million, respectively, and our cash balance (including restricted and pledged deposits and cash and cash equivalents) as at the same dates was HK$866.9 million, HK$652.2 million, HK$2,597.8 million and HK$4,761.4 million, respectively. As at September 30, 2010, of our bank borrowings, HK$1,723.6 million was repayable within 12 months and HK$4,077.0 million was repayable beyond 12 months.

During the Track Record Period, we had an increasing amount of capital commitments, which were HK$589.9 million, HK$1,752.7 million, HK$2,978.3 million and HK$3,636.6 million as at December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. As at September 30, 2010, our known contingent liabilities amounted to HK$2,869.5 million. Our gearing ratio, as calculated by dividing our total borrowings by our total assets, was 39%, 22%, 44% and 44% as at December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. We also had net current liabilities as at December 31, 2007 and 2008 in the amount of HK$258.3 million and HK$1,395.6 million, respectively. We had net current liabilities as at December 31, 2007 and 2008 primarily due to the increase in our short term bank loans and receipts in advance from our pre-sale activities, which proceeds were used for the development of our property projects. Short term bank loans increased in 2008 primarily due to the draw down of new short-term bank loans of approximately HK$637.5 million by SZITIC Property and its subsidiaries in 2008 to finance property development projects.

Our ability to repay the principal and pay the interest on our borrowings and to service our capital commitments and contingent liabilities depends substantially on the cash flow and results of operations of our operating subsidiaries, which depend in part upon social, political, economic, legal and other risks described herein, most of which are beyond our control. We cannot assure you that we will have sufficient cash flow to service our borrowings, our capital commitments or our contingent liabilities. If we are not able to refinance our borrowings on commercially acceptable terms or at all, our liquidity will be adversely affected and, as a result, our results of operations, financial condition and business prospects may be adversely affected.

We may not be able to obtain adequate funding on commercially reasonable terms for land acquisitions or property developments

The property development business is capital intensive. As at the Latest Practicable Date, we had funded our land acquisitions and property developments primarily through bank loans, internally generated cash flows (including proceeds from the pre-sale and sale of our projects), loans from our non-controlling shareholders, capital contributions from shareholders and off-shore financing. We have recently obtained a HKD400 million off-shore loan from a real estate investment fund with an interest rate higher than those typical of our on-shore bank loans. For further details, please see the section headed "Financial Information – Indebtedness and Contingent Liabilities – Borrowings" in this prospectus. We cannot assure you that we will be able to obtain adequate financing for land acquisitions or property developments at all and/or on terms that will allow us to earn reasonable returns. Our ability to obtain adequate funding depends on a number of factors, some of which are beyond our control, such as general economic conditions in the PRC, the performance and outlook of the property development industry in China, our financial strength and performance, the availability of credit from financial institutions, and regulatory measures instituted by the PRC government. We cannot assure you that we will be able to meet our sales target or that banks or other lenders will grant us sufficient loans in the future as we expect. As a result, we may not be able to raise enough funds for our operations in the future.

The PRC government has in recent years taken a number of policy initiatives to further tighten lending requirements affecting property developers. Please see the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix VI to this prospectus. Such initiatives include:

- increasing the reserve ratio for commercial banks, which refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers, 18 times between July 2006 and June 2008, from 7.5% to 17.5%, reducing the ratio four times to 15.5% between September 2008 and December 2008, and increasing the ratio in January, February, May, November and December 2010 and January and February 2011 to an eventual 19.5%;

- prohibiting PRC commercial banks from granting loans to property developers to fund the payment of land premiums;

- restricting PRC commercial banks from granting loans for the development of high-end residential properties;

- prohibiting PRC commercial banks from granting loans to a property developer to fund a project if the property developer's internal funds available for the project are less than 35% of the estimated total investment required for the project;

- restricting PRC commercial banks' ability to grant or revolve loans to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting property developers from using borrowings obtained from local banks to fund property developments outside of such bank's respective local regions;
- restricting the ability of property developers to raise capital through foreign debt;
- prohibiting PRC commercial banks from granting loans to project companies that have not obtained the relevant land use right certificates, land planning permits, project planning permits and construction works commencement permits; and strictly prohibiting PRC commercial banks from granting loans to property development projects or property developers that are not in compliance with credit loan regulation or policies.

We cannot assure you that the PRC government will not introduce other measures which may limit our access to capital resources. The foregoing and other measures introduced by the PRC government may limit our flexibility and ability to use bank loans or other forms of financing to finance our land acquisitions or property developments and therefore may require us to maintain a relatively high level of internal funds.

We cannot assure you that we will be able to obtain sufficient funding to fund intended land acquisitions, develop future projects or meet other capital needs as and when required at a commercially reasonable cost or at all. Failure to obtain adequate funding at a commercially reasonable cost and on a timely basis may limit our ability to commence new projects or to continue the development of existing projects or may increase our borrowing costs. As a result, our results of operations, financial condition and business prospects may be materially and adversely affected.

We may not be able to obtain land use right certificates for certain of our current projects or for projects we may acquire in the future

In order to develop and sell properties in the PRC, property developers are required to obtain land use right certificates from the relevant government authorities. The land use right certificate in respect of a piece of land will not be issued until the developer has entered into the land grant contract with the relevant authorities, made full payment of the land premium and complied with the use rights and any other land grant conditions. Please see the section headed "Property Valuation" in Appendix IV to this prospectus for more details on land sites for which we have land use right grant contacts but no land use right certificates, including those classified as projects contracted to be acquired.

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

We have entered into numerous agreements with various government authorities with the intention to facilitate potential acquisition of the land use right certificates for certain parcels of land located in China. Some of these agreements require us to pay substantial amounts of money before we will be able to obtain the relevant land use right certificates. There are numerous risks with respect to the enforcement of these agreements, particularly in light of their relatively long execution periods, in some cases, and potential changes in PRC government policies. There can be no assurance that PRC government policies related to our projects will not change in the future or that there will not be changes in the manner of the implementation of these agreements. Further, there can be no assurance that there will not be modifications to these agreements as to terms that are favorable to us, including changes in the price of the land use rights to the land parcel concerned. In addition, the law and practice relating to the enforcement of contracts and agreements against PRC government entities involves uncertainty, and there can be no assurance that title to the land parcels subject to these agreements will be eventually obtained. If any of these agreements is not implemented as agreed, our financial condition, results of operations and business prospects may be materially and adversely affected. For more details on some of our recent agreements, please see the section headed "Business — Our Property Projects — Description of Our Projects" in this prospectus.

We face risks relating to our urban redevelopment project

As at the Latest Practicable Date, we had not entered into land grant contracts for all of our projects. For instance, we had not obtained the land use right certificates to our Shenzhen New City Plaza urban redevelopment project and, as at the Latest Practicable Date, we had not signed relocation agreements with all the original residents of the redevelopment property and we had not entered into a land grant contract in relation to this project. Urban redevelopment projects in the PRC involve many uncertainties and are capital intensive. As at the Latest Practicable Date, we have spent approximately RMB490.0 million in relation to our Shenzhen New City Plaza urban redevelopment project. We are required to obtain numerous government approvals in relation to our Shenzhen New City Plaza urban redevelopment project and to obtain consents to relocate from all of the original residents. There can be no assurance that we will be able to obtain all of the necessary consents to relocate from the original residents or that we will be able to obtain all necessary government approvals. Additionally, there can be no assurance that there will not be any modifications to our agreements with PRC government entities as to terms that are favorable to us. Furthermore, the law and practice relating to the enforcement of contracts against PRC government entities and to redevelopment in the PRC involve uncertainties and there can be no assurance that title to land parcels subject to these contracts, laws and practices will be eventually obtained. There can be no assurance that we will be successful in obtaining the land use rights for our urban redevelopment project, that we will be able to obtain sufficient capital for the redevelopment, that our investments in the project will not be lost or that we will be successful in redeveloping the project in a cost effective manner or at all. For further details in regard to our urban redevelopment project, please see the section headed "Business — Our Property Projects — Description of our Projects — 12. Shenzhen New City Plaza — 深圳水榭明天" in this prospectus.

We guarantee mortgage loans provided to our customers and consequently are liable to the mortgagee banks if our customers default on their mortgage loan repayments

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers up until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our customers. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any shortfall from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers but simply rely on the result of evaluation by the mortgagee banks relating to such individual customers. During the Track Record Period, there was only one instance of default by a customer for whom we had guaranteed a mortgage loan. That instance, which occurred in 2009, was in relation to a property sold by SZITIC Property in 2000 and the amount we paid to the relevant bank was RMB113,109.

As at September 30, 2010, our outstanding guarantees in respect of our customers' mortgage loans were HK$2,869.5 million. Should any material default occur and if we are called upon to honor our guarantees, our financial condition and results of operations will be adversely affected.

We may not be able to successfully manage our growth

We have been expanding our property development business in recent years, and we intend to continue to do so, either through organic growth or through acquisitions, including acquisitions of companies that hold suitable land parcels. Further, the total site areas and Aggregate GFA of our projects contracted to be acquired is substantially larger than those of our completed projects. This and any future expansion may place substantial strain on our managerial, operational and financial resources. We will need to manage our growth effectively, which may require additional efforts in recruiting, training and managing our workforce, managing our costs and implementing adequate controls and management systems in a timely and effective manner. We cannot assure you that we will be successful in managing our growth or in integrating and assimilating any acquired business with our existing operations.

In order to fund our ongoing operations and our future growth, we also require sufficient internal sources of liquidity or access to additional funding from external sources. Additionally, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, sales agents, property managers, lenders and other third parties. We cannot assure you that we will not experience issues such as capital constraints, construction delays, compliance errors, operational difficulties at new locations or difficulties in training an increasing number of personnel to manage and operate the expanded business. We also cannot assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our results of operations, financial condition and business prospects.

Our results of operations include fair value gains on investment properties, which are unrealized, may fluctuate from time to time and may decrease significantly in the future

Our investment properties include retail shop units and car parks held for recurring revenue and/or for capital appreciation. Our investment properties are stated at their estimated fair value on our combined balance sheets as non-current assets as at each balance sheet date on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the estimated fair value of our investment properties are accounted for as increases or decreases in the fair value of investment properties in our combined income statements, which may have a substantial impact on our results of operations.

Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The estimated fair value of our investment properties depends on the bases and assumptions adopted by our independent property valuer. The bases and assumptions which our independent property valuer uses for the valuation typically include values realized in comparable precedent transactions in the market for properties of similar size, characteristics and location. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as at the relevant balance sheet dates and are not profit generated from the sale or rental of our investment properties, and do not generate any cash inflow to us (for potential dividend distribution to our shareholders or otherwise) unless and until such investment properties are sold at such estimated fair values. Please see the section headed "Financial Information — Critical Accounting Policies — Investment Properties" in this prospectus.

For the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, the fair value gain of our investment properties (net of deferred tax) was HK$31.3 million, HK$116.5 million, HK$135.0 million and HK$17.0 million, respectively, representing 17.4%, 112.9%, 25.8% and (17.2)%, respectively, of our profit/loss for the respective periods, which were unrealized capital gains. Our profit attributable to equity shareholders of our Company in the future may include gains and losses that arise from revaluation of our investment properties. The amount of revaluation adjustments have been, and will continue to be, significantly affected by the prevailing property market conditions and are subject to market fluctuations. We cannot assure you that the estimated fair value of our investment properties will not decrease in the future. Any such decrease in the fair value of our investment properties will reduce our profits and could have a material adverse effect on our results of operations, financial condition and business prospects.

We had net cash outflows from operating activities for the year ended December 31, 2009 and may experience net cash outflows again in the future

We may incur significant capital commitments for development of a project several years before we can generate cash inflow from pre-sales and sales of the underlying development projects. We had net cash outflows from operating activities of HK$356.2 million for the year ended December 31, 2009. We cannot assure you that we will not experience periods of net cash outflow from operating activities again in the future. Our liquidity in the future will primarily depend on our ability to maintain adequate cash inflow from operations to meet our debt obligations as they become due and on our ability to maintain adequate external financing to meet our future capital commitments. Our operating cash flows could be adversely affected by numerous factors, many of which are beyond our control, including, but not limited to, increased competition, decreased demand for residential properties, unforeseen delays in the property development process, customer defaults on mortgages guaranteed by us. Any prolonged or significant decrease in our operating cash flows could materially and adversely affect our financial position.

Our financing costs may increase due to increases in interest rates

Our financing costs and, as a result, our results of operations, are affected by changes in interest rates. Substantially all of our borrowings are linked to benchmark lending rates published by the PBOC. The PBOC raised the benchmark one-year lending rate several times from 5.58% in October 2004 to 7.47% in December 2007. From September 2008 to December 2008, the PBOC reduced the benchmark one-year lending rate five times to 5.31%. Since December 2008, the PBOC has raised the benchmark one-year lending rate three times, by 25 basis points each time. The PBOC made these increases recently (in October and December of 2010 and February 2011) and they have resulted in PBOC benchmark one-year lending rate of 6.06%. We expect that the increases in interest rates would increase our borrowing costs in general and the financing cost of leveraged property buyers and as a result, may or may not delay potential purchasers from making a purchase. The effect of the increases in interest rates on our borrowing costs are not immediately apparent due to our capitalization of borrowing costs as shown in the financial statements. Upon completion of a project and once the property has been delivered to buyers, the capitalized interest expenses of the relevant property will be recognized as cost of sales in our income statement. We cannot assure you that the PBOC will not further raise lending rates or that our results of operations, financial condition and business prospects will not be adversely affected as a result of these adjustments. The annual interest rates on our bank borrowings in 2007, 2008, 2009 and the nine months ended September 30, 2010 ranged from 5.50% to 8.32%, 4.43% to 9.50%, 2.06% to 7.92% and 1.37% to 9.18%, respectively. As at December 31, 2007, 2008 and 2009 and September 30, 2010, we had HK$1,612.2 million, HK$1,615.5 million, HK$3,819.0 million and HK$5,800.6 million of outstanding bank borrowings, respectively. Our interest expense on bank borrowings for the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 was HK$119.1 million, HK$142.1 million, HK$172.7 million and HK$193.7 million, respectively. We currently do not hedge our interest rate risk. Although we may do so in the future, we cannot assure you that such hedging will be sufficient to offset our interest rate risk. Any further increases in interest rates on our bank borrowings, including as a result of interest rate increases by the PBOC, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, we have incurred a significant amount of borrowing costs (including interest expense) in relation to our bank and other borrowings for our development projects. Most of the borrowing costs have been capitalized as properties under development, completed properties held for sale and hotel properties under development, rather than being expensed in our income statement at the time they were incurred. The amount of capitalized borrowing costs incurred by our Company for the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010 were HK$102.9 million, HK$148.4 million, HK$182.2 million, HK$86.3 million and HK$168.9 million, respectively. As at September 30, 2010, the amount of capitalized borrowing cost included in our combined balance sheet as properties under development was approximately HK$143.9 million and the amount of capitalized borrowing cost included in our combined balance sheet as completed properties held for sale was approximately HK$25.0 million. In future, the capitalized borrowing costs, which will be included in our combined balance sheet will be expensed in our combined income statements as a portion of our direct costs upon the delivery of our properties under development and completed properties held for sale and upon the completion of construction of our hotel properties. As a result, such capitalized borrowing costs may adversely affect our Group's gross and net profit margin upon the sales of such properties in 2010 and future periods. Please see the section headed "Financial Information — Factors Affecting Our Results of Operations — Effects of substantial capitalized borrowing costs on future periods" in this prospectus.

Our business depends on the availability of sites that are suitable for property development at commercially acceptable prices

We currently derive substantially all of our revenue from the sale of properties we have developed. In order to maintain and grow our business in the future, we will be required to replenish and increase our land bank with suitable sites for development at commercially acceptable prices. Our ability to identify and acquire suitable land is subject to a number of factors, some of which are beyond our control. We must identify sites that have potential for future development ahead of our competitors. To this end, we have developed a rating system to assess the growth potential of a given city or location, based on which we identify and acquire suitable land for development. However, we cannot assure you that the land identified and acquired by us will be suitable for development or offer the return we desire.

The PRC government controls all of the new land supply in the PRC and requires government departments and agencies to grant state-owned land use right for residential and commercial property developments through public tender, auction or listing-for-bidding. Many factors are considered in a government department's decision to grant such land, including price and the relevant experience of the proposed buyer. As most of the land in China still comes from such public tenders, auctions and listings-for-bidding, we must be successful in obtaining land in such processes in order to be competitive as a property developer. The PRC government also regulates land sales in the secondary market. As a result, the policies of the PRC government towards land supply affect our ability to acquire land use right and the costs of any such acquisitions.

The PRC government also regulates the manner in which land can be developed. For example, recent measures adopted by the PRC government to control the growth of the property market include: (i) suspending land supply for villa developments and restricting land supply for high-end residential property developments; (ii) requiring that at least 70% of the land supply for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-sized units for sale or low-cost rental properties; and (iii) requiring that at least 70% of the total development and construction area of residential projects must consist of units with a GFA of less than 90 sq.m.

All these measures further intensify the competition for land in China among property developers, which has contributed to the significant increase in recent years in land prices in the PRC, particularly in Shenzhen and Changzhou. We expect that our cost of acquiring land use right may increase in the future, which may materially and adversely affect our gross margin. If we fail to obtain suitable land for development at commercially acceptable prices that allow us to achieve reasonable returns upon sale of properties, our results of operations, financial condition and business prospects will be materially and adversely affected.

We may not be able to successfully complete projects that we are currently developing, or plan to develop, in a timely manner or at all

At any point in the planning or development of a project, we could face, among other things, regulatory changes, financing difficulties, an inability or difficulties in obtaining the required government approvals or government-mandated changes in our project development practice, any of which could delay, increase the cost of, or prevent the completion of any such project. We may also delay or revise our plans for property developments due to a variety of factors, including changes in market conditions, a shortage or increase in the prices of construction materials, equipment or labor, labor disputes or disputes with our contractors and subcontractors. We may commit significant time and resources to a project before determining that we are unable to complete it successfully, which could result in a loss of some or all of our investment in such project. We may also be required to pay damages to the customers who bought our properties at the pre-sale stage if we fail to complete our projects within the stipulated deadlines. Our inability to complete projects as planned may have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

In addition, we have in the past built large-scale property development projects, such as urban mixed-use communities, and may continue to do so in the future. Large-scale property development projects in general require substantial capital expenditures and we may incur significant costs in order to acquire the land and develop properties for these large-scale projects. We cannot assure you that our existing or future large-scale developments will be successful or that any such development will not encounter difficulties that may result in significant losses to our investment in such developments or costs relating to damages to purchasers, any of which could materially and adversely affect our business, financial condition and results of operations.

We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner

Property developers in the PRC are typically required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of the property unless otherwise specified in the relevant sale and purchase agreement. Under current laws and regulations, we are required to submit the requisite governmental approvals in connection with our property developments, including land use right certificate and planning and construction works commencement permits, to the local land and resources bureau and housing administration within 30 days after the receipt of the completion and acceptance certificates for the relevant properties and apply for the general property ownership certificates in respect of the properties. We cannot assure you that we will not experience any unanticipated delays in obtaining such ownership certificates. In 2008 and 2009, we experienced delays in delivering 705 out of 1,853 units (38.0%) and 49 out of 1,119 units (4.4%) in Changzhou Le Leman City and Changzhou Landmark, respectively as a result of our decision to postpone the development of the project in light of the uncertain market condition at the time. We paid a total of approximately HK$21.4 million in late delivery payments. As at the Latest Practicable Date, we did not have any outstanding late delivery payments. In the case that a late delivery of any individual property ownership certificate is due to delays that are deemed to be caused by us, the purchaser would be able to terminate the property sale and purchase contract, reclaim the payment and claim damages, any of which could materially and adversely affect our business, financial condition and results of operations.

We are a holding company that is dependent on distributions from subsidiaries and associates, and our ability to pay dividends and financial condition could be adversely affected if those distributions are not made in a timely manner or at all

We are a holding company and we conduct all of our business through operating subsidiaries in the PRC. As a result, our ability to pay dividends to our Shareholders and our ability to repay debt, including debt that we may incur after this offering, is dependent upon cash dividends and distributions or other transfers from such PRC subsidiaries. Under PRC regulations, such subsidiaries may distribute to us their after-tax profits, as determined in accordance with the PRC accounting rules and regulations, only after they have made appropriate reserves to relevant statutory funds and withheld the appropriate dividend tax. The PRC accounting rules and regulations differ in many aspects from generally accepted accounting principles in other jurisdictions, including the HKFRS. Our operating subsidiaries that are wholly-foreign-owned enterprises may not distribute their after-tax profits to us if they have not already made reserves to (i) their staff and workers' bonus and welfare fund at a percentage that is decided by their board of directors and (ii) their reserve fund at a rate of at least 10% of their annual net profit. A wholly-foreign-owned enterprise is required to continue making reserves to its reserve fund until such fund reaches 50% of its registered capital. The reserve fund is not distributable as cash dividends. Furthermore, restrictive covenants in bank credit facilities, joint venture agreements or other agreements that we may enter into in the future may also restrict the ability of our project subsidiaries to make contributions to us and our ability to receive distributions from them. These restrictions could reduce the amounts of distributions that we receive from our subsidiaries, which would restrict our cash flow and our ability to pay dividends and repay debt.

Our property valuation may differ materially from the actual realizable value of our properties, which is subject to change

A property valuation report prepared by DTZ is included in the section headed "Property Valuation" in Appendix IV to this prospectus. The valuations in the report are based upon certain assumptions, which, by their nature, are subjective and uncertain and may differ materially from actual results. With respect to properties under development and properties held for future development, the valuations are based on the assumptions that (i) the properties will be completed or developed as currently proposed, and (ii) regulatory and governmental approvals for the properties have been or will be obtained. These valuations are not a prediction of the actual value we may achieve from these properties.

In addition, our property valuations are subject to change as a result of changes in market conditions. Unforeseen changes in a particular property development or in general or local economic conditions could affect the value of our properties and could adversely affect our business, financial condition, results of operations and prospects.

Since we recognize our sales revenues only upon delivery of the properties sold, our operating results fluctuate from period to period depending on the timing of completion of our projects and such fluctuations make it difficult to predict our future performance which may vary significantly from period to period

Our results of operations have varied in the past and may continue to fluctuate significantly from period to period in the future. For the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, our turnover was HK$679.6 million, HK$662.2 million, HK$3,228.1 million and HK$286.9 million, respectively, and we had net profit attributable to our equity shareholders of HK$121.3 million, HK$9.5 million, HK$376.6 million and a loss attributable to our equity shareholders of HK$89.4 million, respectively. Since we recognize proceeds from the sale of a property as revenue only upon the delivery of the property, our revenue and profit during any given period is affected by the quantity of properties delivered during that period. The quantity of properties delivered is largely a result of our property delivery schedule and may not be indicative of the actual demand for our properties or sales achieved during that period. Our revenue and profit during any given period generally reflect property investment decisions made by purchasers at some significant time in the past, typically at least in the prior fiscal period. Furthermore, fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses such as land costs, construction costs, administrative costs, selling and marketing expenses and changes in market demand for our properties. As a result, we believe that our operating results for any period are not necessarily indicative of results that may be expected for any future period.

In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the plan of development and the sale of properties. This cyclicality, combined with the lead time required for the completion of projects and the sale of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

We face risks related to the pre-sale of properties, including the risk that property developments will not be completed and regulatory risks relating to such pre-sales

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. As a result of our pre-sale of properties, we face risks. For example, we may fail to complete a fully or partially pre-sold property development, in which case we may be liable to purchasers for losses suffered by them. We cannot assure you that these losses will not exceed any deposits that may have been made in respect of the pre-sold properties. In addition, if a pre-sold property development is not delivered on time, the purchaser may be entitled to damages. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the property sale and purchase contract, the purchaser may terminate the property sale and purchase contract, reclaim the payment and claim damages. During the Track Record Period, we had five incidents of default by purchasers who purchased our properties under pre-sale agreements, but had no outstanding liability, aside from the profit of their deposits, as at the Latest Practicable Date. As at the Latest Practicable Date, we had commenced legal actions against one such defaulting purchaser.

We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may use pre-sale proceeds to finance only the developments wherein such properties are located. In the past several years, a number of government authorities and officials have proposed to limit or abolish pre-sale of commodity properties. These recommendations have not yet been adopted by the PRC government and have no enforceability. However, we cannot assure you that the PRC government will not ban or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for pre-sale permits or further restrictions on the use of pre-sales proceeds. Any such measure will adversely affect our cash flow position and force us to seek alternative sources of funding for much of our property development business.

We rely on independent contractors and other third parties for construction, design, property management, sales and other key aspects of our property development business

We rely on independent contractors to provide various services relating to our property development projects, including piling and foundation building, construction, engineering, interior renovation, mechanical and electrical installation and utilities installation. We cannot assure you that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet our requirements for quality and safety. If the performance of any independent contractor is unsatisfactory, we may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of our projects. Moreover, we may incur additional costs due to contractors' financial or other difficulties that may affect their ability to carry out the work for which they have been retained. Any of these factors could have a material adverse effect on our results of operations, financial condition and business prospects.

In addition, we rely on Independent Third Parties for certain other key aspects of our property development business including but not limited to our design work and a portion of our sales. If the performance of any of such independent contractors or third parties is not satisfactory to our customers, our reputation may suffer, which may adversely affect our business, financial condition, results of operations and prospects. In addition, a serious dispute with such independent contractors or third parties that we are unable to resolve could result in costly legal proceedings and therefore have a material adverse effect on our results of operations, financial condition and business prospects. Furthermore, an increase in the cost of labor used by our contractors and other third parties engaged in our business may eventually be passed on to us in the form of higher contract fees at the time new contracts are entered into. Finally, because of our reliance on third parties, we have limited control over the costs related to the services they provide.

Increases in the price of construction materials and equipment may increase our cost of sales and reduce our gross margins

We are responsible for most of our construction materials and equipment procurement, including that of paint, flooring, stones, doors, windows, bathroom fixtures, kitchen fixtures and appliances, generators, water pumps and elevators. Our third-party contractors are responsible for procuring certain base construction materials, such as cement, steel and bricks, used in the construction of our project developments. Our construction contracts typically do not provide for fixed or capped payments and, therefore, increases in the price of construction materials and equipment could, therefore, be passed on to us by our contractors.

Any increase in the prices of the construction materials and equipment that we source on our own or that are sourced by our construction contractors could increase our development costs and reduce our gross margins to the extent that we are unable to pass these increased costs on to our customers. In such a scenario, increases in the prices of construction materials and equipment could have a material adverse effect on our results of operations, financial condition and business prospects.

We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities and a deterioration of our corporate image as a result which may adversely affect our business

In the ordinary course of business, we may be involved in disputes with various parties involved in the development, management, and sale of our properties, including our customers and business partners, such as our contractors and suppliers. These disputes may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and of management's attention. As many of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings or unfavorable decrees that impose pecuniary liabilities or cause delays to our property developments. In addition, such legal and other proceedings may harm our corporate image, which may adversely affect our business. Please see the section headed "Business — Legal Proceedings" in this prospectus.

We have records of non-compliance with the Companies Ordinance

There have been some instances of non-compliance with the Companies Ordinances, including (i) failure to lay the audited accounts in the relevant Group members' annual general meetings and/or lay audited accounts made up to a date falling not more than nine months before the date of the meeting under section 122 of the Companies Ordinance; and (ii) filing of the annual return and/or notice of certain corporate particulars or changes thereof after the time specified in the Companies Ordinance. Please see the section headed "Business — Legal Compliance — Non-compliance with the Companies Ordinance" in this prospectus.

In October 2010, the relevant Group members wrote to the Hong Kong Companies Registry seeking confirmation as to whether action will be taken against these companies and their then officers in light of the non-compliance with the Companies Ordinance. On October 26, 2010, the Hong Kong Companies Registry replied that no prosecution was being contemplated at the current stage but it was unable to confirm that no action would be taken against these companies and/or their then officers in relation to such non-compliance matters. If the Hong Kong Companies Registry takes action against the relevant Group members and/or the Controlling Shareholders fail to indemnify us to a sufficient extent or at all, we may be required to pay certain penalties. In these circumstances, if we are required to make significant penalty payments or incur other liabilities, our reputation, cash flow and results of operation may be adversely affected.

We may suffer losses and be subject to liabilities that are not sufficiently covered, or covered at all, by insurance

We do not maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. We also do not require the construction companies we engage to maintain insurance coverage on our properties under construction. In addition, we generally do not carry insurance against personal injuries that may occur during the construction of our properties. Please see the section headed "Business — Insurance" in this prospectus. We cannot assure you that we will not be sued or held liable for damages due to liability from any related tortious acts. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we suffer from any such losses, damages or liabilities in the course of our operations and property development, we may not have sufficient funds to cover any related losses, damages or liabilities or to repair, replace or reconstruct any property developments that have been damaged or destroyed. Any payment we make to cover related losses, damages or liabilities could have a material adverse effect on our business, financial condition, results of operations and prospects.

PRC tax authorities may challenge the basis on which we calculate our LAT obligations

Our income from the sale of land use right and buildings or related facilities on such land is subject to LAT. LAT is payable on the appreciation in value representing the balance of the proceeds received on such sales, after deducting various prescribed items, including payments made for the acquisition of land use right, the direct costs and expenses of the development of the land and construction of the buildings and structures, finance costs of up to a maximum of 5% of the total cost of development, the appraised prices of any existing buildings and structures on the land and taxes related to the assignment of the property. Apart from the aforementioned deductions, real estate developers enjoy an additional deduction equal to 20% of the payment made for the acquisition of land use right and the costs of land development and of the construction of new buildings and related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

On December 28, 2006, the State Administration of Taxation issued the Notice on the Relevant Issues on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》). This notice came into effect as at February 1, 2007 and provides further clarity on the application of LAT with respect to real estate development projects. First, the notice specifies that taxpayers are required to settle LAT for each real estate project developed, or if the project is developed in stages, for each stage of the project. Second, it provides that LAT will be imposed on taxpayers upon the occurrence of the following events: (i) when a real estate development is completed and completely sold; (ii) when an unfinished real estate project is wholly transferred to a third party; or (iii) when the taxpayer's land use right is directly transferred. Finally, it provides that LAT may be imposed on taxpayers upon the occurrence of the following additional events: (i) where a real estate development that has been completed and approved is transferred, if the area transferred is greater than 85% of the total saleable area of the development, or, if the area transferred is less than 85%, where the retained area is leased or used by the developer; (ii) where a real estate development has not been sold after three years from the date that the pre-sales permit was obtained; (iii) where a taxpayer applies to write-off its tax registration but has not yet settled LAT; or (iv) where there are other circumstances as prescribed by the provincial tax authorities.

We have estimated and made full provisions for LAT in accordance with the applicable requirements set forth in the relevant PRC tax laws and regulations. In addition, we have paid LAT as it became due and payable, in accordance with PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our provision for LAT for the years ended December 31, 2007, 2008 and 2009 amounted to approximately HK$88.6 million, HK$85.2 million, HK$309.9 million respectively, and we made a reversal of the provision for LAT during the nine months ended September 30, 2010 of approximately HK$2.5 million. Our current provisions for LAT are based on our management's best estimates according to their understanding of the requirements discussed above. However, actual LAT liabilities are subject to determination by tax authorities upon the completion of real estate development projects and PRC tax authorities may not agree with the basis on which we have calculated our LAT obligations. We have not finalized our LAT calculations and payments with the tax authorities for our real estate development projects. There can be no assurance that our current provisions for LAT are adequate or that the final outcome will not be different from the amounts initially recorded. In the event that our Group is required to settle any or all unpaid LAT, our cash flow and results of operations during the related period may be adversely affected.

Our Controlling Shareholders are able to exercise substantial influence over our corporate policies and direct the outcome of corporate actions

Assuming that none of the Over-allotment Option, the Pre-IPO Options or any of the options which may be granted under the Share Option Scheme is exercised, upon completion of the Global Offering and the Capitalization Issue, Mr. Wong, through Chance Again, will be deemed to have an interest in approximately 63.1% of our outstanding Shares. Subject to compliance with applicable laws and the Articles, by maintaining such ownership, Mr. Wong will be able to exert substantial influence over our corporate policies, appoint Directors and officers and vote on corporate actions requiring shareholders' approval. In addition, Mr. Wong, who is also our Chairman and Chief Executive Officer, will be able to exert substantial control over our business. The strategic goals and interests of Mr. Wong may not be aligned or may conflict with the interests of our other shareholders or our own strategies and interests, which could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base.

If our completed property developments are not in compliance with the relevant land grant contracts or construction works commencement permits, we will be subject to additional payments or be required to take corrective measures to cure such non-compliance

The local government authorities inspect our property developments after completion and, if the developments are in compliance with the relevant laws and regulations, issue us completion certificates, based upon which we are able to deliver the completed properties to our purchasers. If, for any reason, the total constructed GFA of a property development exceeds the amount of GFA authorized in the relevant land grant contract or construction works commencement permit, or if the completed property contains built-up areas that do not conform to the construction works commencement permit, we may be required to make additional payments or take corrective measures with respect to such non-compliant areas before we are able to obtain a completion certificate for the property development. If we fail to obtain the completion certificate due to such non-compliance, we will not be able to deliver the relevant properties or recognize the revenues from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. Please see the risk factor headed "We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner" in this section. We cannot assure you that the local government authorities will not find that the total constructed GFA or built-up areas of our existing projects under development or any future property developments exceed the relevant authorized GFA or are otherwise not in compliance with the relevant land grant contracts or construction works commencement permits upon completion of our property development.

Our hotel operations involve uncertainties

Our Company owns one hotel property as at the Latest Practicable Date. The hotel is Changzhou Holiday Inn, which commenced operations in October 2008 and is currently managed by Holiday Inns (China) Ltd. (假日酒店(中國)有限公司).

Changzhou Holiday Inn is managed and we expect that all our hotels in the future will be managed, by Independent Third Parties and if they are unable to successfully manage our hotel business or if we have a material dispute with such Independent Third Parties that we are unable to resolve, this may have a material adverse effect on our results in that segment as well as our overall marketing strategy, reputation, financial condition, prospects and results of operations. Additionally, because of our reliance on third parties, we have limited control over the costs related to the services they provide.

The hotel business is sensitive to general and social conditions. Certain areas of the PRC have experienced epidemics such as A/H1N1 influenza. There is no assurance that this epidemic will not intensify, or that other similar outbreaks or epidemics will not occur in Asia. Any adverse affect to the economy, infrastructure and people of the PRC, including but not limited to natural disasters, epidemics, acts of God and other events and disasters that are beyond our control, may materially and adversely affect the results of the hotel development segment of our business, our financial condition, and our results of operations.

There is no assurance that the current ancillary facilities providers will continue to provide services to the owners or users of properties

The ancillary facilities within our residential communities enhance the value of our properties by improving the overall quality and value of the surrounding areas, thus offering a better living environment to the owners and users of our properties. However, we do not operate or manage some of the ancillary facilities, such as schools and hospitals. We cannot assure you that these facilities providers will continue to operate and provide services in our residential communities. In the event that these facilities providers cease to operate in our residential communities, our properties may become less attractive and competitive and this may adversely affect the value of our properties.

Potential liability for environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning the protection of the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Compliance with environmental laws and conditions may result in delays in development, may cause us to incur substantial compliance and other costs and could prohibit or severely restrict project development activity in environmentally-sensitive regions or areas. As required by PRC laws and regulations, we must undertake an environmental assessment with respect to each project we develop and submit an environmental impact assessment report to the relevant governmental authorities for approval before commencing construction. Although no environmental violations in our operations have been revealed in the past that we believe have had a material adverse effect on our business, financial condition or results of operations, it is possible that there are potential material environmental liabilities of which we are unaware. In addition, we cannot assure you that our operations will not result in environmental liabilities or that our contractors will not violate any environmental laws and regulations in their operations that may be attributable to us.

Any unauthorized use of our trademarks or other intellectual property may adversely affect our business

We currently protect or seek to protect our intellectual property rights which include trademarks, copyrights and trade secrets. To protect our intellectual property, we rely on the intellectual property laws of the PRC. We consider our trademarks, including the "TOP SPRING", "莱蒙" and "水榭花都" trademarks, as important assets to our business. We cannot assure you that any registered trademark owned by us will be enforceable or will not be invalidated, circumvented or otherwise challenged in the PRC or foreign countries, that the rights granted thereunder will provide competitive advantages to us or that the scope of any of our pending or future trademark applications will be accepted sought by us, if at all. Although we take precautions to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our intellectual property without authorization or otherwise infringe on our rights. In addition, because intellectual property law is at a less developed stage in the PRC compared with certain other jurisdictions, enforcement of our intellectual property rights in the PRC may be difficult and is subject to a number of uncertainties.

The unauthorized use of our intellectual property could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, in the future, we may have to rely on litigation and/or administrative proceedings to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation and/or administrative proceedings, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could materially adversely affect our business.

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

We are incorporated under the Companies Law and have subsidiaries incorporated in the BVI, Hong Kong and the PRC. Under the new CIT law that took effect on January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation regulations of the new CIT law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Currently, most of our management are based in China, and may continue to be based in China in the future. Therefore, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. The tax consequences of such treatment are currently unclear, as they will depend on the implementation regulations and on how the PRC tax authorities interpret, apply or enforce the new CIT law and the implementation regulations.

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

Under the new CIT law that took effect on January 1, 2008 and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable by a PRC "resident enterprise" to investors that are "non-resident enterprises" (and those enterprises that do not have an establishment or place of business in the PRC, or those that have such an establishment or place of business but the relevant income of which is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realized on the transfer of shares by such enterprises is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are regarded as a PRC "resident enterprise", it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, will be treated as income derived from sources within the PRC and be subject to PRC income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the new CIT law and the implementation rules. One example of a limitation on the 10% withholding tax is that, pursuant to a tax treaty between the PRC and Hong Kong, which became effective on December 8, 2006, a company incorporated in Hong Kong is subject to withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% or greater interest in the PRC company, or 10% if it holds an interest of less than 25% in the PRC company. If we are required under the new CIT law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

Acts of God, epidemics, including the recent outbreak of A/H1N1 influenza, and other disasters could affect our business

Our business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other events and disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihoods of people in the PRC. Some cities in the PRC are under the threat of flood, typhoon, earthquake or drought. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

Certain areas of the PRC have experienced epidemics such as A/H1N1 influenza. There is no assurance that this epidemic will not intensify, or that other similar outbreaks or epidemic will not occur in Asia or China. Any epidemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our operating results, financial condition and business prospects.

RISKS RELATING TO THE PROPERTY SECTOR IN THE PRC

PRC government policies, regulations and measures intended to discourage speculation in the property market may adversely affect our business

As a property developer, we are subject to extensive governmental regulation in many aspects of our operations and are highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. Over the past few years, property developers and investors have invested heavily in the PRC, raising concerns that certain sectors of the property market have started to overheat. In response to concerns over the scale of the increase in property investment, the PRC government has from time to time introduced policies intended to curtail the overheating of the PRC property market, including:

- tightening lending requirements for property developers. Please see the paragraph headed "— Risks Relating to Our Business — We may not be able to obtain adequate funding at commercially reasonable terms for land acquisitions or property developments" in this section;

- limiting the aggregate monthly mortgage payment and monthly property management fee to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;

- restricting the types of property developments by suspending the land supply for villa developments and restricting the land supply for high-end residential property developments, making it more difficult for us to acquire land for high-end residential property developments;

- requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-sized units for sale or as low-cost rental properties;

- requiring that at least 70% of the total GFA of residential projects approved or constructed on or after June 1, 2006 consist of units with a GFA of less than 90 sq.m. and that developers with projects which were approved prior to that date but for which construction works commencement permits have not been obtained adjust the planning of such projects to comply with this new requirement, with the exception that municipalities under the direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances with approval from the Ministry of Construction, which may reduce our flexibility in terms of determining product mix and may make our developments less attractive to potential buyers;

- for the purchase of a principal residence, increasing the minimum down payment to 30% of the purchase price of the underlying property, which may make our properties less affordable to our customers;

- for the purchase of a secondary residence (the buyer will be regarded as purchasing a secondary residence if the buyer, the buyer's spouse or a minor child of the buyer owns a residential property or has financed the purchase of a residential property with a mortgage loan), increasing (i) the minimum down payment to 60% of the purchase price and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark interest rate; this may make our developments less attractive to property investors;

- suspending loans for the purchase of third or subsequent residences;
- for non-local residents who are unable to provide certificates evidencing their payment of local taxes or social insurance for more than one year, suspending loans for the purchase of local residences;
- for a commercial property buyer, (i) prohibiting banks from financing the purchase of pre-sold properties, (ii) increasing the minimum down payment to 50% of the purchase price of the underlying property, (iii) increasing the mortgage loan interest rate to 110% of the relevant PBOC benchmark interest rate, and (iv) limiting the terms of such mortgage loans to no more than ten years, although commercial banks are allowed flexibility based on their risk assessments, which may make our developments less attractive to property investors;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum down payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties, which may make our developments less attractive to property investors; and
- imposing additional restrictions on the types of property developments that foreign investors may engage in, which may restrict our fund raising ability.

In October 2008 the PBOC reduced the minimum mortgage loan interest rate to 70% of the PBOC benchmark interest rate for the purchase of a principal residence with a total GFA of less than 90 sq.m. In September 2010 the PBOC increased the down payment on principal residences with a total GFA of less than 90 sq.m. from 20% to 30%. We cannot assure you that the PBOC will not further increase its requirements for minimum down payments or increase minimum mortgage loan interest rates in the future.

The PRC government's restrictive measures may limit our access to capital, reduce market demand and increase our operating costs in adapting to these measures. The PRC government may adopt additional and more stringent measures, which may further curtail the development of the industry in general and adversely affect our business operations in particular.

We cannot assure you that these measures will not adversely affect the sales of units in our developments. In addition, we cannot assure you that the PRC government will not introduce further measures to regulate the rate of growth of the property market or to limit or even prohibit foreign investment in the PRC generally or in the property sector in particular. These existing measures and any future measures, or even rumors or threats of any new measures, may adversely affect our business, financial condition, results of operations and prospects.

For a more detailed description of the PRC government's measures to curtail the overheating of the property market, please see the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix VI to this prospectus.

We may be subject to penalties and our land may be repossessed by the PRC government if we do not comply with the terms of our land grant contracts

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to payment of premiums, designated use of land, time for commencement and completion of development), the relevant government authorities may issue a warning to or impose a penalty on the property developer, or may repossess the land. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, under current PRC laws and regulations, if we do not commence development for more than one year from the date of the land grant contract, the relevant PRC land bureau may serve a warning notice to us and impose a land idle fee of up to 20% of the land premium. If we do not commence development for more than two years from the date stipulated by the land grant contract, the land may be subject to repossession by the PRC government unless the delay in development is caused by government actions, force majeure or necessary preparatory work. Moreover, even if the commencement of land development is in conformity with the land grant contract, the land will be treated as idle land if (i) the developed GFA on the land is less than one-third of the total GFA of the project under the land grant contract or the total capital invested is less than one-fourth of the total estimated investment of the project under the land grant contract and if (ii) the suspension of the development of the land exceeds one year in time without government approval. We cannot assure you that circumstances leading to repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of repossession.

During the Track Record Period, four parcels of land we own had been classified by the relevant land authorities as idle land, namely the parcels of land for Shenzhen Blue Bay and The Spring Land (Phases 4 to 6). The details of which are set forth below:

- On January 9, 2008, we received notification from 深圳市國土資源和房產管理局龍崗分局 (Shenzhen Land Bureau, Longgang Branch*) that the land on which we plan to develop Shenzhen Blue Bay had been deemed to be idle land because we had not commenced construction and development of the parcel of land within a year of the date of the land grant contract and that an idle land fee had been imposed on us. We had not commenced construction and development of the land due to a boundary dispute with the 廣東省邊防海警第一支隊 (Guangdong Coast Guard*) which began in 2004. For further details of that dispute, please see the section headed "Business — Our Property Projects — Description of Our Projects — 4. Shenzhen Blue Bay — 深圳水榭藍灣" in this prospectus. Pursuant to the notification, we and an Independent Third Party paid an idle land fee of approximately RMB2,728,218 to the relevant government authorities and we signed a supplemental land grant agreement with the 深圳市國土資源和房產管理局 (Shenzhen Land Bureau*) on April 30, 2009. Under the supplemental land grant agreement, we were required to commence construction and development of Shenzhen Blue Bay by May 1, 2010 in order to avoid repossession of the land by the government. We planned to commence development of Shenzhen Blue Bay prior to May 1, 2010 according to the supplemental agreement. However, we had not commenced development of the project as at the Latest Practicable Date. We have been unable to commence development for two reasons. First, we have been unable to commence development of Shenzhen Blue Bay due to the ongoing boundary dispute with the Guangdong Coast Guard. Second, we have been unable to commence the development of Shenzhen Blue Bay due to a delay in our being granted the necessary government approvals for our development plans. This has been caused by the government's revision of the land's development planning. On November 25, 2009, we submitted an application to 深圳市規劃與國土資源管理委員會濱海管理局 (Shenzhen Planning and State-Owned Land Resources Committee Binhai Management Bureau*) (the "Shenzhen Planning Bureau Binhai Branch") for confirmation of Shenzhen Blue Bay land planning. We received a response on December 4, 2009 from the Shenzhen Planning Bureau Binhai Branch confirming that a revision of the land planning for Shenzhen Blue Bay was in progress. In its reply, the Shenzhen Planning Bureau Binhai Branch asked that we apply for the relevant construction procedures once it completes its revision of the land planning and the land planning is officially approved. Based on our recent communications with the Shenzhen Planning Bureau Binhai Branch, the revision of the land planning for Shenzhen Blue Bay is still in progress and the Bureau has not informed us as to when the revision will be completed. Our PRC legal adviser is of the opinion that the delay in our commencing the construction of Shenzhen Blue Bay has been caused by the government's revision of the land planning and therefore the risk of the land being deemed to be idle land is relatively low, and that, should the government again deem the relevant land to be idle land, we will have a good basis to apply for an appeal of such designation. If the land is deemed to be idle land and the government repossesses the land, we will not only lose the opportunity to develop our property project on such land, but we will also lose all of our past investments in the project, including the land premiums we have paid and any pre-development costs incurred, which may amount to a total potential loss for our Group in the aggregate sum of HK$23.0 million. The Aggregate GFA of the relevant land parcel subject to the risk of forfeiture amounts to 15,000 sq.m., equivalent to approximately 0.5% of the Aggregate GFA of the property interests held by our Group as at December 31, 2010. As at December 31, 2010, the capital value of Shenzhen Blue Bay attributable to our Group constituted approximately 1.7% of the total capital value of our Group's property interests. For further details, please see the section headed "Business — Our Property Projects — Description of Our Projects — 4. Shenzhen Blue Bay — 深圳水榭藍灣" in this prospectus.

- On May 19, 2008, we received notification from 深圳市國土資源和房產管理局寶安分局 (Shenzhen Land Bureau, Bao'an Branch*) ("Shenzhen Land Bureau, Bao'an Branch") notifying us that the parcels of land on which we planned to develop The Spring Land (Phases 4 to 6) had been classified as idle land because we had not commenced construction and development of these two parcels of land within one year of the respective date of the land grant contracts. Pursuant to the notice, we were exempted from paying an idle land fee. However, the notice specified that we would be required to enter into supplemental land grant agreements for the parcels of land within 30 days of the notice and, if we failed to do so, the land would be repossessed by the Shenzhen Land Bureau, Bao'an Branch. On December 19, 2008, we received a written confirmation from the Shenzhen Land Bureau, Bao'an Branch notifying us that the land were being rezoned into three lots and that we would be required to execute supplemental agreements after we obtained approval of the amended land scheme charts and the construction land planning certificates for our amended development plans for the three lots of land. We entered into supplemental land grant agreements with 深圳市規劃和國土資源委員會寶安管理局 (Shenzhen Planning and State-Owned Land Resources Committee Bao'an Management Bureau*) in relation to the land on which we plan to develop The Spring Land (Phases 5 and 6) and The Spring Land (Phases 4) in May 2010 and February 2011, repectively. We are required under the supplemental agreements to commence the development of The Spring Land (Phase 5 and 6) by May 2011. We have obtained the land use right certificate for The Spring Land (Phases 6) on August 2, 2010. The date for obtaining the land use right certificate for the land on which we plan to develop The Spring Land (Phases 4 and 5) depends on the timing of the completion of the rezoning of the land into three lots by the Shenzhen Land Bureau. Based on our communications with the Shenzhen Land Bureau, we currently anticipate that the land use right certificate for the land on which we plan to develop The Spring Land (Phase 5) will be issued to us sometime during the first half of 2011 and we intend to commence construction of the project by May 2011.

Our PRC legal adviser is of the opinion that since (i) the delay in the development of The Spring Land (Phases 4 to 6) has been caused by the government's rezoning of the land; and (ii) the Shenzhen Land Bureau Bao'an Branch has entered into supplemental land agreements with us in relation to the land on which we plan to develop The Spring Land (Phases 4 to 6), our Group is not at the risk of being subject to any penalties or the forfeiture of land in connection with the parcels of land on which we plan to develop The Spring Land (Phases 4 to 6).

Additionally, we are at risk of being deemed to be in violation of our land grant contract with respect to Taihu Hidden Valley (Phase 1) and, if further delays in commencing construction occur, having the land deemed to be idle. For further details, please see the section headed "Business – Our Property Projects – Description of Our Projects – 10. Taihu Hidden Valley – 太湖水榭山" in this prospectus.

We face intense competition from other real estate developers

In recent years, a large number of property developers, including a number of leading Hong Kong property developers and other overseas developers, have begun undertaking property development and investment projects in Shenzhen, Dongguan, Changzhou and elsewhere in the PRC. Some of these developers may have better track records and greater financial, land and other resources, broader name recognition and greater economies of scale than us. In the past, the PRC government has introduced various policies and measures in order to limit the growth and to prevent the overheating of the property development sector, which has further increased competition for land amongst real estate developers. Please see the section headed "Industry Overview — Regulatory Development of Real Estate Markets in China" in this prospectus.

Competition among property developers may result in an increase in acquisition costs of land for development, an increase in costs for raw materials, an oversupply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slow down in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business, financial position and results of operations. In addition, recent market downturns in the PRC may further decrease property prices. If we cannot respond to changes in market conditions in the markets in which we operate more swiftly and effectively than our competitors, our business, financial position and results of operations may be materially and adversely affected.

Property markets in the PRC are still at an early stage of development and lack adequate infrastructural support

Property markets in the PRC are still at a relatively early stage of development. The growth of the PRC property markets is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as various factors, including social, political, economic and legal factors may affect the development of the market.

The limited amount of property mortgage financing available to PRC individuals compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential developments. In the event of oversupply, property prices may go down. Any of these factors may adversely affect our revenues and results of operations.

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Substantially all of our assets are located in the PRC and all of our revenue is sourced from the PRC. Accordingly, our results of operations, financial position and prospects are directly affected by the economic, political and legal developments of the PRC.

PRC economic, political and social conditions as well as government policies could affect our business

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 20 years, growth has been uneven, both geographically and across the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our business, financial condition, results of operations and prospects may be adversely affected by the PRC government's control over property development, capital investments or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past two decades, the PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition, results of operations and prospects.

A slowdown in the Chinese economy may have a material and adverse effect on our results of operations and financial condition

All of our revenue is derived from the PRC. We rely on domestic demand to achieve growth in our revenue. The global financial crisis in 2008 caused a slowdown in the growth of the global economy. In late 2008 and in 2009, we delayed our delivery of certain units in Changzhou Landmark and Changzhou Le Leman City as a result of our postponing the development of Changzhou Landmark and Changzhou Le Leman City in light of the uncertain market environment. Although there are signs of recovery in the global and Chinese economies there can be no assurance that any such recovery is sustainable. In addition, if the financial crisis continues, there can be no certainty as to its impact on the global economy or the Chinese economy. As a result of the global economic cycles, there can be no assurance that the Chinese economy will continue to grow at the rates achieved in the past, or at all. Any slowdown or recession in the Chinese economy may have a material adverse effect on our results of operations and financial conditions.

Governmental control of currency conversion may limit our ability to use capital effectively

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

Fluctuation in the value of RMB may have a material adverse effect on our business

We conduct our business principally in RMB, except for certain minimum payments to international design firms and professional third parties. Following the Global Offering, we may also maintain a significant portion of the proceeds from the offering in Hong Kong and US dollars before they are used in our PRC operations. The value of the RMB against the US dollar, Hong Kong dollar and other currencies is subject to changes in the PRC's policies and international economic and political developments. Effective since July 21, 2005, the RMB is no longer pegged solely to the US dollar. Instead, it is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.3% each day. For example, on July 21, 2005, the RMB was revalued against the US dollar to approximately RMB8.11 to the US dollar, representing an upward revaluation of 2.1% of the RMB against the US dollar, as compared to the exchange rate the previous day. On September 23, 2005, the PRC government widened the daily trading band for RMB against non-US dollar currencies from 1.5% to 3% to improve the flexibility of the new foreign exchange system. Effective May 21, 2007, the PBOC expanded the floating range of the trading price of the US dollar against the RMB in the inter-bank spot foreign exchange market. On June 19, 2010, the PBOC announced that the PRC government will reform the RMB exchange rate regime and increase the flexibility of the exchange rate. The exchange rate may become volatile, the RMB may be revalued further against the US dollar or other currencies or the RMB may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the RMB against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the RMB against the US dollar or the Hong Kong dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into RMB for such purposes.

The PRC government has recently implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect how quickly we can deploy, as well as our ability to deploy, the funds raised in the Global Offering in our business in the PRC

In recent years, in an effort to stabilize the growth of its economy, the PRC government has introduced a series of austerity measures, including those aimed at controlling the inflow of offshore funds into the property development industry or for property speculative actives. In particular, as advised by our PRC legal adviser, the Notice Regarding Further Strengthen and Regulate the Approval and Supervision of Foreign Investment Real Estate Company (《商務部、國家外匯管理局關於進一步加强、規範外商直接投資房地產業審批和監管的通知》) issued on May 23, 2007 jointly by MOFCOM and SAFE, often known as Notice 50, requires that foreign invested real estate companies newly approved and established after the date of issuance of the Notice 50 must comply with certain filling requirements with MOFCOM. In addition, Notice 50 also requires that foreign invested real estate companies with property projects or property business newly added must also comply with the relevant approval requirements. As advised by PRC legal adviser, seven companies among our Group are currently foreign-invested real estate companies, namely Top Spring Real Estate (Shenzhen), Changzhou Top Spring, Changzhou Water Flower, Top Spring (Chengdu), Top Spring (Fuyang), Top Spring International (Yuhang) and Changzhou Taihu Bay. Top Spring Real Estate (Shenzhen), Changzhou Top Spring, Changzhou Water Flower, Top Spring (Chengdu) and Top Spring International (Yuhang) were established before May 23, 2007, and therefore such filing requirement stipulated by the Notice 50 does not apply to aforesaid companies in this regard. Top Spring (Fuyang) and Changzhou Taihu Bay, which were established after May 23, 2007, have completed their filing procedures with the MOFCOM, and therefore the PRC legal adviser is of the view that aforesaid two companies have complied with such filing requirement. In addition, as advised by our PRC legal adviser, all our current existing seven foreign invested real estate companies have obtained the relevant approvals in respect of their newly added projects and business or increase of paid-up capital, and have also obtained the updated Foreign Invested Enterprises Approval Certificates, therefore, our PRC legal adviser is of the view that our Group has also complied with relevant approval requirements under the Notice 50.

On July 10, 2007, the General Affairs Department of the SAFE issued the Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment that Have Properly Registered with MOFCOM (《國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》). The notice stipulates, among other things, (i) that the SAFE will no longer process foreign debt registrations or applications for conversion of foreign debt submitted by foreign-invested property developers which obtained authorization certificates from and registered with the MOFCOM for establishment or increase in registered capital on or after June 1, 2007; and (ii) that the SAFE will no longer process foreign exchange registrations (or change of such registrations) or applications for sale and purchase of foreign exchange for capital account submitted by foreign-invested property developers which obtained approval certificates from local government commerce departments on or after June 1, 2007 but did not register with the MOFCOM. This new regulation restricts foreign invested property developers from raising funds through offshore borrowing. It also increases the requirements for foreign-invested property developers to obtain funds through offshore equity financing. We are planning to apply for approval from the relevant PRC authorities for remittance of the net offering proceeds to the PRC once we have received all of the net offering proceeds after the Global Offering. We cannot assure you that we will obtain all relevant necessary approval certificates in a timely manner or at all, or that we will obtain all necessary registrations for all of our operating subsidiaries in the PRC in order to comply with the relevant regulation in a timely manner or at all. Further, we cannot assure you that the PRC government will not introduce new policies that prevent or further restrict our ability to deploy the funds raised in the Global Offering. Therefore, we may not be able to use all or any of the capital that we may raise from the Global Offering to finance our property acquisitions or our new projects in a timely manner or at all.

In addition, any capital contributions made to our PRC operating subsidiaries, including from the proceeds of the Global Offering, are also subject to the foreign investment regulations and foreign exchange regulation in the PRC. For example, in accordance with a circular promulgated by SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested companies into RMB, unless otherwise permitted by PRC laws or regulations, RMB converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested company and cannot be used for domestic equity investment or acquisition. Pursuant to this circular, we may encounter difficulties in increasing the capital contribution to our project companies or equity investee and subsequently converting such capital contribution into RMB for equity investment or acquisition in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions to our PRC project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our Group's operational results.

The implementation of the labor contract law and the expected increase in labor costs in the PRC may adversely affect our business and profitability

The labor contract law became effective in the PRC on January 1, 2008. It imposes more stringent requirements on employers in relation to entering into fixed term employment contracts, the hiring of temporary employees and dismissing employees. In addition, under the newly promulgated Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), which came into effect on the same date, employees who have continuously worked for more than one year are entitled to a paid holiday ranging from five to 15 days, depending on their length of service. Employees who agree to waive part or all of their holiday entitlement at the request of their employers must be compensated with three times their normal daily salaries for each day of holiday entitlement being waived. As a result of the new law and regulations, our labor costs may increase. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could have a material adverse effect on our results of operations, financial condition or business prospects.

Our non-compliance with certain housing provident fund contribution regulations in the PRC could lead to the imposition of fines or penalties

We have not been able to pay certain housing provident fund contributions in the past for our employees in Shenzhen due to the lack of local implementation procedures and regulations. Before the issuance of the Provisional Regulations on the Management of the Deposit of Housing Provident Funds (《深圳市住房公積金繳存管理暫行規定》) (the "Housing Provident Funds Regulations") on December 20, 2010, the relevant regulatory authority in Shenzhen had not required enterprises to pay housing provident fund contributions on behalf of their employees due to the absence of local implementation procedures and regulations. As advised by our PRC legal adviser, 深圳市住房公積金管理委員會和管理中心 (the Management Committee and Management Center for Housing Provident Funds in Shenzhen*) will be responsible for establishing local regulations in relation to any procedures for the collection of housing provident fund contributions. According to the Housing Provident Funds Regulations, all companies need to complete the housing provident fund registration within six months starting from the issuance of the Housing Provident Funds Regulations. We expect to complete the housing provident fund registration and pay such contributions before June 2011. Our PRC legal adviser has advised us that we may be subject to fines ranging from RMB10,000 to RMB50,000 per entity with an employee for whom we did not make such contributions. Our PRC legal adviser has advised us that, based on the number of entities we had with an employee for whom we had not made the required housing fund contributions, we may be subject to fines totaling RMB550,000. Notwithstanding the above, since our not paying the required housing fund contributions in relation to our employees in Shenzhen has been due to the lack of local implementation procedures and regulations, our PRC legal adviser is of the opinion that the risk that we will be required to pay fines in relation to our not having made such contributions is minimal. To prevent the future occurrence of such non-compliance, our human resources department, which is responsible for overseeing the payment of social security insurance, will from time to time seek advice from our PRC legal adviser on the latest requirements of applicable laws and regulations in the PRC in this regard and will implement measures to ensure compliance. We expect that the outstanding housing provident fund and social insurance contributions, in total, will not exceed RMB3.5 million. For additional details, please see the section headed "Business — Legal Compliance" in this prospectus.

We cannot assure you that we will not be required to pay such past contributions in the future or that we will not be subject to the related fines. As advised by our PRC legal adviser, we may be ordered to pay such social security and housing provident fund contributions within a stipulated deadline by the relevant PRC authorities. Any judgment or decision against us in respect of outstanding social security and/or housing provident fund contributions or registrations could have an adverse effect on our results of operations, financial condition and business prospects.

Uncertainty with respect to the PRC legal system could adversely affect us

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

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

Substantially all of our assets are located within the PRC. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom and most other western countries. Therefore, it may be difficult for you to enforce against us in the PRC any judgments obtained from non-PRC courts.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price range was the result of negotiations among us and the Joint Bookrunners (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied to list and trade our Shares on the Stock Exchange. However, we cannot assure you that the Global Offering will result in the development of an active, liquid public trading market for our Shares. In addition, the price and trading volumes of our Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows, announcements of new investments, fluctuations in real estate prices in China, changes in laws and regulations in China or any other developments may affect the volume and price at which our Shares will be traded.

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

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible assets value to HK$2.05 per Share, based on the maximum Offer Price of HK$8.10 assuming that the Over-allotment Option has been exercised.

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

Future sales by our Directors, officers or current Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

Future sales of a substantial number of our Shares by our Directors, officers or current Shareholders, including Shares issued upon the exercise of outstanding options and warrants in the public markets in Hong Kong, or the possibility of such sales, could negatively impact the market price in Hong Kong of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholders, Scarborough UK and Sheffield United Realty are subject to certain lock-up undertakings for periods of up to 12 months after the date on which trading in our Shares commences on the Stock Exchange, details of which are set forth in the section headed "Underwriting" in this prospectus. While we are not aware of any intention on the part of our Controlling Shareholders, Scarborough UK or Sheffield United Realty to dispose of significant amounts of their Shares upon the expiration of such lock-up periods, we cannot assure you that they will not dispose of any or all of the Shares they may own now or in the future.

We cannot guarantee the accuracy of official government publications and statistics with respect to the PRC, the PRC economy and the PRC property industry contained in this prospectus

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

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

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

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