

## **OVERVIEW**

We are a real estate property developer in the PRC, specializing in the development and operation of urban mixed-use communities and the development and sale of upscale residential properties in the Yangtze River Delta and the Pearl River Delta regions. Based in Hong Kong and Shenzhen and under the leadership of Mr. Wong, our Founder, Chairman and Chief Executive Officer, as at December 31, 2010, we had a total of 13 projects at various stages of development in Shenzhen, Changzhou, Hangzhou, Chengdu, Dongguan and Tianjin with an Aggregate GFA of approximately 2.3 million sq.m. for which we have entered into land grant contracts and/or obtained land use rights, and an Aggregate GFA of approximately 0.8 million sq.m. for which we have yet to enter into land grant contracts. With more than two decades of experience in the PRC and Hong Kong real estate industry, Mr. Wong has in-depth knowledge of the real estate business environment and market dynamics in the PRC. Mr. Wong has been involved in the development of and investment in over 20 diverse projects since the late 1980's. Since 2002, the residential properties and urban mixed-use communities we have developed under our “水榭” (Water Flower) brand and our “莱蒙” (Top Spring) brand have been recognized locally and nationally as top property developments by various industry bodies.

During the Track Record Period, the majority of our property projects were developed in partnership with the Scarborough Group or CR Company. A number of our projects are held through SZITIC Property, in which Mr. Wong has held an indirect controlling stake since July 2006 and CR Company held an indirect 49% interest until our Group's acquisition of the entire interest in SZITIC Property in August 2010. During the Track Record Period, we were mainly responsible for the day-to-day management and operation of SZITIC Property, its subsidiaries and the projects under its control. We also maintained control over the board of directors of SZITIC Property during that time as we appointed three out of five directors on the board of SZITIC Property. We acquired CR Company's 49% interest in SZITIC Property on August 31, 2010.

We have developed and maintained strong strategic relationships with domestic and international partners, including the Scarborough Group. The Scarborough Group is a global real estate and leisure activities group based in the United Kingdom and was founded by Dr. McCabe in 1980. Since our first co-investment project, Changzhou Landmark, in 2003, we have been involved in six projects with a total of approximately 2.5 million sq.m. of GFA with the Scarborough Group. Pursuant to the strategic co-operation agreement entered into between our Company and Scarborough UK on December 28, 2009, the parties have agreed that for so long as Scarborough UK, Dr. McCabe and/or their respective Affiliated Company(ies) together are beneficially interested in 8% or more of the issued ordinary share capital of our Company, our Company will be the flagship vehicle of the Scarborough Group for all of its residential, retail and urban communities development and operation opportunities in the PRC. As a result of our close relationship with the Scarborough Group, we have been able to enter into a strategic agreement with Forsyth Far East, an operator of business centers, to manage and/or invest in business centers in the PRC. Forsyth Far East is a wholly-owned subsidiary of the Scarborough Group in the PRC. As at the Latest Practicable Date, Forsyth Far East has not managed or invested in any of our business centers. In September 2010, we entered into a strategic partnership framework memorandum with the Rainbow Group in the PRC. Through our relationship with Rainbow Group, we believe that we are in a strong position to secure it as an Anchor Tenant or co-developer in future retail developments.

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As at December 31, 2010, in Shenzhen alone, we held an Aggregate GFA of approximately 0.6 million sq.m. for which we have entered into land grant contracts and/or obtained land use rights, consisting of the Aggregate GFA of Shenzhen Hidden Valley, Shenzhen Water Flower Garden, The Spring Land and Shenzhen Blue Bay and an Aggregate GFA of approximately 0.8 million sq.m. in Shenzhen New City Plaza for which we have yet to enter into land grant contracts.

We believe our ability to acquire land reserves with high growth potential at relatively low cost provides us with a competitive advantage in the PRC real estate market. During the Track Record Period, our land cost accounted for an average of approximately 7.5% of the selling price of our property developments. We believe that under the leadership and vision of Mr. Wong, we have been able to identify land with investment potential at advantageous times, and therefore, to acquire it at a relatively low cost. When selecting locations for our developments, we mainly focus on sites with high appreciation potential, especially those located in fast growing second-tier and third-tier cities, such as Changzhou, and the satellite areas of first-tier cities, such as Longhua in Shenzhen. The relatively low cost of our acquired land reserves has significantly enhanced our ability to adapt to changing market conditions, which we believe will continue to underpin our profitability, position us better to further acquire high growth potential land reserves and achieve even greater success in the future.

We believe our strong and proven execution capability in developing, selling and holding retail properties and high-quality urban communities and developing and selling upscale residential properties sets us apart from other real estate developers in the PRC, as evidenced by our flagship projects, such as Shenzhen Water Flower Garden, Shenzhen Hidden Valley, The Spring Land, Changzhou Le Leman City and Changzhou Landmark. Shenzhen Hidden Valley, an upscale low-density residential development, has been well received by the market and has achieved high sales prices. In September 2008, we were able to pre-sell 79 of the 139 available units in Shenzhen Hidden Valley (Phase 2) within 40 days for a pre-sale amount of RMB629 million. In total, we achieved a pre-sale amount of RMB1,212 million from Shenzhen Hidden Valley (Phase 2). In January 2010, we were able to pre-sell a total saleable GFA of 37,399 sq.m. in The Spring Land (Phase 1) for a pre-sale amount of RMB672 million, and in May 2010, we were able to pre-sell a total saleable GFA of 15,060 sq.m. in The Spring Land (Phase 2) for a pre-sale amount of RMB300 million.

As at December 31, 2010, we had a total of 13 projects in various stages of development, including an Aggregate GFA of approximately 211,982 sq.m. of completed property developments, an Aggregate GFA of approximately 545,046 sq.m. under development, an Aggregate GFA of approximately 1,580,890 sq.m. held for future development and an Aggregate GFA of approximately 770,400 sq.m. contracted to be acquired (although there can be no assurance that we will be successful in such acquisitions), totaling an Aggregate GFA of approximately 3.1 million sq.m. For the years ended December 31, 2007, 2008 and 2009 and for the nine months ended September 30, 2009 and 2010, our turnover was HK\$679.6 million, HK\$662.2 million, HK\$3,228.1 million, HK\$2,521.8 million and HK\$286.9 million, respectively. Our gross profit margin for the same periods was approximately 54%, 49%, 35%, 45% and 24%, respectively.

Our near term business strategy is to focus on the development of high-quality urban mixed-use communities and upscale residential properties in the Pearl River Delta and the Yangtze River Delta regions. We intend to leverage our established brands, such as our “水榭” (Water Flower) brand and “萊蒙” (Top Spring) brand, to expand into other cities and regions and capitalize on future growth in demand for high-quality urban mixed-use communities and upscale residential properties.

## **OUR COMPETITIVE STRENGTHS**

We believe that we possess the following competitive strengths that enable us to compete in the property markets in China:

### *Strong strategic relationships with domestic and international partners*

We have developed and maintained strong strategic relationships with international partners, including the Scarborough Group, a reputable property developer in the United Kingdom.

The Scarborough Group is a global real estate and leisure activities group based in the United Kingdom. We began our strategic partnership with the Scarborough Group in December 2003 with our Changzhou Landmark project, located in Changzhou, Jiangsu Province. Since 2003, the core management team of the Scarborough Group has met regularly with our core management team. The Scarborough Group has been influential in assisting our Group in establishing our business relationships overseas by introducing overseas investors with the potential to provide funding to us. Although we have retained daily management and control of our projects in which the Scarborough Group has been involved, we believe that our cooperation with the Scarborough Group has greatly improved our corporate image and reputation among investors, government officials and customers in the PRC. In addition, the Scarborough Group's extensive international network has also helped us to establish relationships with professional parties in project management and other areas of expertise.

Since 2003, we have been involved in six projects with the Scarborough Group, namely Chengdu Landmark, Hangzhou Landmark, Changzhou Le Leman City, The Spring Land (Phases 4 to 6), Changzhou Landmark and Shanghai Baoshan Landmark (which was disposed of by our Group in 2009), with a total GFA of approximately 2.5 million sq.m. In June 2008, the Scarborough Group converted its entire 50% interest in its joint venture with our Group into a 15% stake in Original TSI. Dr. McCabe, the founder and chairman of the Scarborough Group, who has over 40 years of construction and property industry experience, became a non-executive director of our Company in August 2009. On December 28, 2009, we strengthened our strategic partnership with the Scarborough Group by entering into a strategic co-operation agreement with Scarborough UK, pursuant to which the following has been agreed for so long as Scarborough UK, Dr. McCabe and/or their respective Affiliated Companies together are beneficially interested in, whether directly or indirectly, 8% or more of the issued ordinary share capital of our Company:

- (a) our Company will be the flagship vehicle of the Scarborough Group for all its residential development, retail and urban mixed-use communities development and operation opportunities in the PRC ("PRC Real Estate Opportunities");
- (b) Scarborough UK will not, and shall procure that its Affiliated Company(ies), will not, directly or indirectly be interested or involved or engaged in or acquire or hold any right or interest in any business which is or is about to be engaged in any business which competes or is likely to compete with our Company's business in the PRC;
- (c) in the event that Scarborough UK or any of its Affiliated Company(ies) is given/identifies any PRC Real Estate Opportunities and has entered into any agreement, arrangement or memorandum of understanding, Scarborough UK will and will procure its Affiliated Companies to inform our Company of such opportunity and we have the right to take up the opportunity within one month; and

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- (d) in the event that Scarborough UK or any of its Affiliated Company(ies) has acquired/identified any site or property in the PRC for the development of business center to be managed by the Scarborough Group, it will inform our Company of the opportunity to co-operate with the Scarborough Group in such a project and we have the right to take up the opportunity within one month.

For further details of the strategic co-operation agreement, please see the section headed “Relationship with our Controlling Shareholders and the Scarborough Group” in this prospectus.

Stemming from our close relationship with the Scarborough Group, in September 2009, Frasers Hospitality and our Company entered into a strategic agreement such that the parties thereto may in the future explore opportunities to manage and/or invest in serviced apartments. As at the Latest Practicable Date, we had not managed and/or invested in any serviced apartments or engaged in any other business relationship with Frasers Hospitality pursuant to the strategic agreement. Through our relationship with the Scarborough Group, on September 1, 2008, Original TSI entered into a strategic cooperation agreement with Forsyth Far East pursuant to which Forsyth Far East agreed to invest in or manage the business centers that Original TSI develops in the PRC. The parties subsequently entered into a novation agreement with our Company on November 30, 2009, pursuant to which the rights and obligations of Original TSI under its strategic co-operation agreement with Forsyth Far East were assigned to our Company. Based in the United Kingdom, Forsyth Far East is a business center operator with operations in the United Kingdom, Hong Kong and China and is a wholly owned subsidiary of the Scarborough Group. As at the Latest Practicable Date, we did not have any detailed plans, nor had we commenced any transactions for the management of properties or generated any revenue therefrom pursuant to the agreement with Forsyth Far East.

We believe that we are well positioned to attract foreign investors seeking exposure to the PRC real estate market as a result of our relationships with the Scarborough Group and Forsyth Far East, our track record in developing a diverse range of properties such as upscale residential properties, retail properties and urban mixed-use communities, and Mr. Wong’s experience and reputation in the PRC and Hong Kong.

Our Controlling Shareholder, Mr. Wong, controls the exercise of 22.75% of the voting power at general meetings of Rainbow. We entered into a strategic partnership memorandum with Rainbow on September 17, 2010, pursuant to which we can, at our sole discretion, (1) invite Rainbow to lease properties developed or to be developed by us through entering into long-term tenancy agreements and (2) negotiate with Rainbow on a priority basis on any potential sale of commercial properties and urban mixed-use communities developed by us. We have also entered into a long-term (20-year) tenancy agreement with Rainbow under which we have agreed to lease to Rainbow retail units with a total leasable GFA of approximately 30,500 sq.m. at Chengdu Landmark upon its completion. Through our relationship with Rainbow Group, we believe that we are in a strong position to secure it as an Anchor Tenant or as a co-developer in future retail developments.

***Leadership and expertise of Mr. Wong, our Founder, Chairman and Chief Executive Officer***

We believe that our Company benefits from the vision, leadership and expertise of Mr. Wong, our Founder, Chairman and Chief Executive Officer. With more than two decades of experience in the PRC and Hong Kong property industry, Mr. Wong has in-depth knowledge of the real estate business and market dynamics in China. Mr. Wong has been involved in the development of and investment in over 20 diverse projects since the late 1980's. In 1993, Mr. Wong was the second largest shareholder in Top Glory International Holdings Limited, formerly a Hong Kong listed company which has now been privatized. For further details relating to Mr. Wong's past experience, please see the section headed "Directors, Senior Management and Employees —Directors — Executive Directors — Mr. Wong Chun Hong" in this prospectus.

Mr. Wong has applied his extensive experience in the property industry along with his vision with respect to economic, geographic and urban infrastructure development in the PRC, to position our Company to successfully benefit from the growth of the PRC property industry. Mr. Wong has also established and maintained long-standing relationships with other domestic and international property developers, such as the Scarborough Group.

Mr. Wong has been responsible for formulating and implementing the strategic direction and core values of our Company. Leveraging his experience in Hong Kong and connections in the property industry and his vision with respect to the Hong Kong and PRC property industry, Mr. Wong has a track record of identifying investment opportunities and successfully positioning our Company. For example, under the leadership of Mr. Wong, we believe our Company is one of the first property developers in the PRC to develop large urban mixed-use communities, such as Changzhou Landmark, and purchase land and develop projects in high growth second-tier cities, such as Changzhou, and satellite areas of first-tier cities, such as Longhua and Longgang in Shenzhen. The land bank on which we developed our Shenzhen Hidden Valley and The Spring Land was committed to us in 2000 pursuant to a preliminary agreement, when the nominal GDP of Shenzhen and average urban disposable income per capita were RMB166.5 billion and RMB20,906.0 respectively but, by 2009, the nominal GDP of Shenzhen and average urban disposable income per capita had increased to RMB820.1 billion and RMB29,245, respectively, representing a CAGR of 19.4% and 3.8%, respectively. Similarly, the land bank on which we are developing Changzhou Landmark was committed to us in 2002 pursuant to a preliminary agreement (for which the land grant contract was signed in 2003) when the nominal GDP of Changzhou and average urban disposable income per capita were RMB60.3 billion and RMB8,540, respectively, but by 2009, the nominal GDP of Changzhou and average urban disposable income had grown to RMB251.9 billion and RMB23,751, respectively, reflecting a CAGR of 22.7% and 15.7%, respectively.

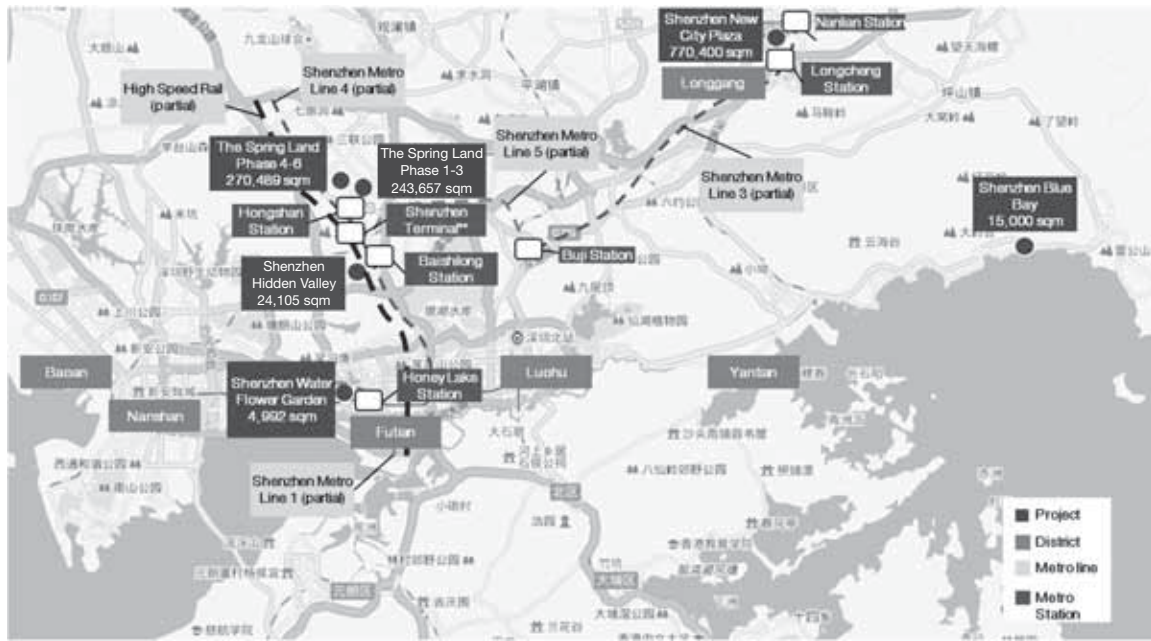
We believe that Mr. Wong's vision, leadership and expertise have been, and will continue to be, one of the core strengths of our Company and places us in a unique position as a Hong Kong and Shenzhen based company with resources in the PRC and an incisive understanding of the PRC real estate market.

***One of the major property developers in Shenzhen***

As at December 31, 2010, in Shenzhen alone, we held an Aggregate GFA of approximately 0.6 million sq.m. for which we have entered into land grant contracts and/or obtained land use rights, consisting of the Aggregate GFA of Shenzhen Hidden Valley, Shenzhen Water Flower Garden, The Spring Land and Shenzhen Blue Bay, and an Aggregate GFA of approximately 0.8 million sq.m. in Shenzhen New City Plaza for which we have yet to enter into land grant contracts.

We believe we have built a strong brand presence in the Shenzhen residential property market through the development of our Shenzhen Water Flower Garden, Shenzhen Hidden Valley and, most recently, The Spring Land.

**Our Shenzhen Projects<sup>1</sup>**



We commenced pre-sales in Shenzhen Water Flower Garden in 2002 and obtained ASP of over RMB18,000 per sq.m. for villas and over RMB10,000 per sq.m. for high-rise apartments, which were at least 30% higher than the ASP of other projects in the same region and it was the best selling project in terms of contracted sales amount in the third quarter of 2002, according to 深圳房地產資訊網 (Shenzhen Real Estate Information Web\*). Shenzhen Water Flower Garden remains one of the most expensive residential properties in Shenzhen in the secondary market with secondary ASP as high as RMB80,000 per sq.m. in 2010.

Notwithstanding the financial crisis in September 2008, we sold 126 out of 139 villas in Shenzhen Hidden Valley (Phase 2) within six months, illustrating one of the strongest sales performances among other similar projects on the market. We launched Shenzhen Hidden Valley (Phase 3) in 2009 and obtained ASP which was 27% above the ASP of other similar villas in the market.

Notes:

<sup>1</sup> We do not have land use right certificates with respect to certain parcels of land in our projects

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Despite the new austerity measures announced in January 2010, we sold over 81% of the 501 units of The Spring Land (Phase 1) within one week of launch. The record numbers of pre-sales we made in respect of units in The Spring Land (Phases 1 and 2) rendered it the best selling project in Shenzhen for the first and third quarters of 2010 with a pre-sold GFA of 42,915 sq.m. and 57,291 sq.m., respectively, according to 深圳房地產資訊網 (Shenzhen Real Estate Information Web\*). The project was also ranked as the best selling project in Shenzhen in terms of both the number of units sold and the contracted sales area for the first half and for the full year of 2010 according to 深圳房地產資訊網 (Shenzhen Real Estate Information Web\*).

With the commencement of the Shenzhen Special Economic Zone expansion program on July 1, 2010 as part of the “Eleventh Five-year Plan”, the PRC government’s investment in the Bao’an and Longgang districts is expected to increase. Hence, we believe that our future development projects and projects contracted to be acquired, which are mostly located in the Bao’an and Longgang districts of Shenzhen, namely The Spring Land (Phases 4 to 6), Shenzhen New City Plaza and Shenzhen Blue Bay, will help us to maintain our leading position in Shenzhen. For further details on the Shenzhen property market, please see the section headed “Industry Overview” in this prospectus.

### *Land reserves with high growth potential acquired at relatively low cost*

We believe our ability to acquire land reserves with high growth potential at relatively low cost provides us with a competitive advantage in the PRC real estate market. We believe that under the leadership and vision of Mr. Wong, we have been and continue to be able to identify land with investment potential at advantageous times, and therefore, to acquire it at a relatively low cost, which provide us with a competitive advantage in the PRC real estate market. For example, our Company decided not to participate in any land bidding processes in 2007 and 2008 because, in our view, land was overvalued at that time. During the Track Record Period, our land cost accounted for an average of approximately 7.5% of the selling price of our property developments.

### **Historical Sales/Land Cost**

	Year ended December 31,			Nine months ended September 30,	Track Record Period
	2007	2008	2009	2010	
Sales of properties net of business tax (HK\$million)	664	603	3,106	152	4,525
Land premium (HK\$million)	40	52	235	11	338
<b>Land cost as a % of sales</b>	<b>6.0%</b>	<b>8.6%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>7.5%</b>
GFA sold (sq.m.)	52,258	44,441	302,872	26,708	426,279
Cost per sq.m. (HK\$/sq.m.)	764	1,174	775	412	793

We typically select our project sites during the early stages of a city’s development plan, while the values of the sites have not yet been fully realized, often due to lack of good transport infrastructure and ancillary services. Our projects are generally located in fast growing second-tier and third-tier cities,

such as Changzhou, where competition is less intense than in first-tier cities, or in the satellite areas of first-tier cities such as Longhua and the Longgang district in Shenzhen, where we expect significant growth following the completion of government plans for establishing modern transport infrastructure.

We plan to continue focusing on acquiring land in selective locations that are likely to benefit significantly from infrastructure projects, including rail transit projects, and generally demonstrate high growth potential. We also plan to focus on urban redevelopment projects in Shenzhen in the future. Such projects typically allow the redeveloper to obtain the land at a relatively low cost compared to other acquisition methods and represent a major source of new land acquisition opportunities in Shenzhen.

We also plan to leverage the relationships that we have established with local governments through our past property development projects. We believe that we have a strong relationship with the Changzhou government which we have established through our development and operation of our Changzhou Landmark (which was a large urban redevelopment project) and Changzhou Le Leman City. We hope to leverage our relationship with the Changzhou government to assist us in obtaining additional development projects in Changzhou.

We believe that our low-cost land acquisition strategy will minimize our investment risks and enable us to have flexibility in pricing our properties and, therefore, to respond to the changing market conditions in a timely manner. We intend to continue to acquire low-cost land in locations with a vibrant economy and strong potential.

***Strong execution capabilities and a proven track record in developing, selling and holding urban mixed-use communities and retail properties and developing and selling upscale residential properties***

One of our key competitive strengths is our strong and proven execution capability in developing, selling and holding retail properties and high-quality urban mixed-use communities and developing and selling upscale residential properties across the PRC. We believe our execution capability is demonstrated by our track record of selling our quality upscale residential properties at relatively high ASP within a relatively short period of time as compared to our competitors. We believe our strong and proven execution capability in developing, selling and holding retail properties and high-quality urban mixed-use communities and developing and selling upscale residential properties sets us apart from other real estate developers in the PRC, as evidenced by our flagship projects, such as Shenzhen Water Flower Garden, Shenzhen Hidden Valley, The Spring Land, Changzhou Le Leman City and Changzhou Landmark. Shenzhen Hidden Valley, an upscale low-density residential development, has been well received by the market and has achieved high sales prices. In September 2008, we were able to pre-sell 79 of the 139 available units in Shenzhen Hidden Valley (Phase 2) within 40 days for a pre-sale amount of RMB629 million. In total, we achieved a pre-sale amount of RMB1,203 million from Shenzhen Hidden Valley (Phase 2). In January 2010, we were able to pre-sell a total saleable GFA of 37,399 sq.m. for The Spring Land (Phase 1) for a pre-sale amount of RMB672 million, and in May 2010, we were able to pre-sell a total saleable GFA of 15,060 sq.m. for The Spring Land (Phase 2) for a pre-sale amount of RMB300 million.

We believe that we have the ability to successfully execute, develop and manage complex projects involving retail properties and urban mixed-use communities. We have a total of seven urban mixed-use communities and retail projects (four of which are currently in operation) with an Aggregate GFA of approximately 2.0 million sq.m. (taking into account projects for which we have not yet obtained land use



rights certificates). We demonstrated these abilities by developing Changzhou Landmark, which is our flagship project in Changzhou and it has been awarded numerous awards, such as “2005 China Top 10 Mainstream Commercial Real Estate Projects” (2005 中國商業地產十大主流項目) by the 2nd Annual China (Guangzhou) International Commercial Real Estate Expo Committee (第二屆中國(廣州)國際商業地產博覽會組委會)<sup>1</sup> and “2005 China Shopping Center Research Model Project” (2005 中國購物中心研究示範項目) by Professional Committee of China General Chamber of Shopping Center (中國商業聯合會購物中心專業委員會)<sup>1</sup> and China Shopping Center Industry Information Center (中國購物中心產業資訊中心)<sup>1</sup>. We believe that Changzhou Landmark is an important landmark in the city center of Changzhou. It is expected to be one of the largest urban mixed-use community projects in Changzhou, with a total saleable/leasable GFA of 321,093 sq.m. upon the completion of the last phase. The ASP of the retail properties sold in Changzhou Landmark (Phase 1) was RMB11,512 per sq.m., which we believe was higher than that of comparable neighboring properties within the same district. Similarly, we believe that the average rental prices of Changzhou Landmark retail spaces are higher than those of neighboring properties.

### ***Strong brand recognition supported by quality products and services***

We believe that we have well-established brands in our core markets. Our “水榭” (Water Flower) brand in Shenzhen and “萊蒙” (Top Spring) brand in Changzhou are associated with high-quality properties and convey an image of an elegant and refined lifestyle that appeals to the growing affluent middle and upper-middle class as evidenced by the awards that we have received for our projects in Changzhou and Shenzhen.

Many of our developments are award-winning properties that have been recognized locally and nationally. Please see paragraph headed “— Honors, Awards and Certificates” in this section.

As a key part of our marketing strategy, we jointly sponsored the Chengdu Sheffield United Football Club of the Chinese Premier League, which we believe has enhanced our brand recognition in the PRC, particularly in regard to our Chengdu Landmark. In 2006, we established the Top Spring Club (萊蒙會), which had over 2,000 members as at December 31, 2010. We believe that the Top Spring Club allows us to maintain a relationship with established and potential customers by keeping abreast of their preferences and gauging customer satisfaction. The Top Spring Club distributes periodicals to its members, organizes home purchase related seminars for its members and provides benefits such as promotional offers and price discounts at selected retail stores.

### ***Anchor Tenants for our investment properties that provide stable occupancy and recurring income***

Our Anchor Tenants serve as key draws to our shopping malls and are capable of lifting the overall profile and pedestrian traffic of our projects. Such Anchor Tenants include major international and domestic brands, such as Rainbow Department Store, Wal-Mart, Watsons, McDonald’s, China Cinemaland, Flyhigh Entertainment Center and KFC. As at December 31, 2010, the total leasable GFA taken up by our Anchor Tenants accounted for 37% of the total leasable area in our investment properties.

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Note:

<sup>1</sup> China (Guangzhou) International Commercial Real Estate Expo Expert Committee (中國(廣州)國際商業地產博覽會組委會), Professional Committee of China General Chamber of Shopping Center (中國商業聯合會購物中心專業委員會) and China Shopping Center Industry Information Center (中國購物中心產業資訊中心) are Independent Third Parties.

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Due to the success of our existing malls in Dongguan, Hangzhou and Changzhou, we have established and maintained a good relationship with our Anchor Tenants and some of them have expressed interest in our new developments and are keen to participate in our retail developments in other cities. We believe that having the ability to secure reputable Anchor Tenants in advance of the tender by listing process places our Company in an advantageous position when bidding for land. We believe that this is especially true in second-tier and third-tier cities where local governments may prefer proposals from bidders with the ability to bring in internationally well-known tenants to such cities. Our retail properties generally enjoy a high occupancy rate. As at December 31, 2010, approximately 99% of our leasable GFA had been leased out.

We believe our continued success in securing reputable Anchor Tenants will contribute to improving our brand recognition and help us to maintain high occupancy rates in our malls in the long term.

### OUR STRATEGIES

#### *Increase our market share in our core markets and selectively expand into new markets*

Our core markets are located in the Pearl River Delta and the Yangtze River Delta regions. We intend to continue to maintain our focus on these markets while expanding into new markets within these and other regions.

We have strategically located our projects in fast growing cities and satellite areas of major cities with large populations and relatively high growth in urban disposable income and therefore have robust retail sales markets. We plan to continue to develop projects in these types of cities in the future. We currently hold land bank comprising 13 projects in six cities, namely, Shenzhen, Changzhou, Hangzhou, Chengdu, Dongguan and Tianjin.

We believe that our “水榭” (Water Flower) brand and “莱蒙” (Top Spring) brand appeal to the Shenzhen and Changzhou property markets, respectively, and we intend to leverage the quality and prestige associated with these brands, our leadership position in the development of quality upscale residential properties and urban mixed-use communities, our experience and our local knowledge to expand in these markets. As we expand to other cities in the Pearl River Delta and the Yangtze River Delta regions, we intend to capitalize on the reputations associated with our brands. For example, we believe that Changzhou Landmark, which has won numerous awards, has made our brands popular in other cities and its environs, and we intend to leverage the same.

#### *Continue to focus on developing and operating urban mixed-use communities and developing and selling upscale residential properties in the near term and to increase our exposure to developing and operating urban communities in the long term*

We have successfully developed large urban mixed-use communities and upscale residential properties in the Pearl River Delta and the Yangtze River Delta regions, which have received numerous awards. In the near term, we plan to focus on both segments of the property market, where we believe we have a significant competitive advantage and are well positioned to capture a large share of the market.

We have a track record of developing and operating urban mixed-use communities, such as Changzhou Landmark and Changzhou Le Leman City and developing and selling upscale residential properties. We have recently acquired Shenzhen New City Plaza, which will also be developed into an urban mixed-use

community. In the long term, we intend to leverage our in-depth understanding of urban mixed-use communities, our understanding of regional development trends as well as our ability to execute and innovate in relation to such projects to identify and develop more urban mixed-use communities.

***Increase our development and operation of investment properties***

As at September 30, 2010, approximately HK\$2.1 billion of the retail projects held by us were held as investment properties which accounted for approximately 37.1% of the total asset value of all our properties completed and properties under development. We believe that our retail projects are high quality properties situated in prime locations, such as Changzhou Landmark, which is located in the heart of Changzhou's city center, and are occupied by Anchor Tenants that add to the stature of such properties.

We intend to follow a strategy of selling our residential property developments while retaining the prime locations of our high quality retail developments for long term investment purposes. This is intended to provide us with greater revenue stability from recurring income while capturing the long-term capital appreciation of these properties and to reduce our exposure to the more volatile retail and residential property sales markets. The decision of whether a property should be sold or retained for investment purposes depends on various factors, such as location, cash flow, prevailing market conditions and demand. We will also consider acquiring property for investment purposes from other developers if we believe that the income and capital appreciation from such property would result in value accretion to our shareholders.

***Continue to leverage on our domestic and international relationships***

Under the leadership of Mr. Wong, our Company has developed and maintained strong strategic relationships with international partners, such as the Scarborough Group and domestic partners such as the Rainbow Group. We believe these strategic relationships will allow us to capitalize on the Scarborough Group's internationally established brand and contacts and Rainbow Group's expertise in retail property management in developing and implementing our property development strategies and identifying potential ventures and opportunities. We believe that these strategic relationships provide us with a competitive advantage over other developers in the PRC and we intend to leverage these relationships to consolidate our position and increase our market share in our core markets, identify and compete for land reserves in preferred locations at attractive costs and continue to provide quality products to our customers, especially when we undertake larger and more complicated projects such as urban mixed-use communities.

***Continue to acquire land reserves with high growth potential at relatively low cost***

We intend to continue to leverage our past experience in identifying land with investment potential at advantageous times and acquiring land reserves and properties at relatively low costs. We believe this strategy will minimize our investment risks and enable us to have flexibility in pricing its properties, and therefore to respond to the changes in market conditions in a timely manner. We intend to continue to acquire low-cost land in locations with vibrant economies and strong growth potential. We also intend to consider potential investments in joint ventures and acquisitions of with suitable land reserves, should the right opportunities arise.

### *Continue to enhance our established brand names*

We believe that our strong brand names have contributed to our success. We have well established brands, such as “水榭” (Water Flower) brand and “萊蒙” (Top Spring) brand. We intend to continue promoting these brand names by maintaining focus on quality and execution, increasing services offered by the Top Spring Club (萊蒙會) and marketing initiatives, such as hosting customer events and participating in property exhibitions and advertising campaigns.

### *Use environmentally friendly designs and construction processes*

We believe that our designs and construction processes promote the efficient utilization of energy and resources and produce environmentally friendly products. As environmental awareness has increased in China, we have strived to reduce our use of construction materials, preserve the biological environment of the areas surrounding our projects, efficiently utilize natural resources and develop buildings that are in harmony with nature. We expect this to be an increasingly attractive feature of our properties to the affluent middle and upper-middle class. Illustrative of our commitment to preserving the surrounding areas of our projects is the design and layout of projects, such as Shenzhen Hidden Valley and Changzhou Le Leman City, which integrated the natural water systems and mountains of their respective areas. Shenzhen Water Flower Garden has adopted an underground garage design, while Changzhou Le Leman City has adopted a semi-open basement style, all of which contribute to the efficient utilization of land.

## **OUR PROPERTY PROJECTS**

### *Overview of Our Property Developments*

As at the December 31, 2010, we had a total of 13 property projects at various stages of development located in Shenzhen, Changzhou, Hangzhou, Chengdu, Dongguan and Tianjin.

Most of our property development projects are developed in multiple phases and each phase may be in a different stage of development. We classify our property development projects, for which we have obtained some or all of the land use right certificates or entered into land grant contracts, into the following three categories: completed properties, properties under development and properties held for future development. Other projects, for which we have entered into a contract but have not obtained any land use right certificate and may or may not have entered into a land grant contract, are classified as projects contracted to be acquired.

Our classification of our properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each property project or project phase may be subject to multiple land use right certificates, construction permits, pre-sale permits and other permits and certificates which may be issued at different times throughout their developments. Our classification of our properties is also different from the classification of properties in the section headed “Property Valuation Report” in Appendix IV to this prospectus and the section headed “Accountants’ Report” in Appendix I to this prospectus. Both reports, which were prepared pursuant to the relevant professional standards, share many similarities in their treatment of these properties.

As at December 31, 2010, we had a total of 13 projects, in various stages of development, including an Aggregate GFA of approximately 211,982 sq.m. of completed property developments, an Aggregate GFA of approximately 545,046 sq.m. under development, an Aggregate GFA of approximately 1,580,890 sq.m. held for future development and an Aggregate GFA of approximately 770,400 sq.m. contracted to

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be acquired (although there can be no assurance that we will be successful in such acquisitions), totaling an Aggregate GFA of approximately 3.1 million sq.m. For further information, please see the section headed “Property Valuation Report” in Appendix IV to this prospectus.

The differences between our classification of properties and the classification of properties in the section headed “Property Valuation Report” in Appendix IV and the section headed “Accountants’ Report” in Appendix I to this prospectus are set forth in the table below:

Our classification of properties	Property Valuation Report	Accountants’ Report
<ul style="list-style-type: none"> <li>• <b>Completed projects</b>  the project has been completed, the acceptance certificate has been obtained and the property is either being held for occupancy rental purposes, undergoing sales or awaiting the commencement of sales</li> </ul>	<ul style="list-style-type: none"> <li>• Group I — Properties held by the Group for sale in the PRC</li> <li>• Group II — Properties occupied by the Group in the PRC</li> <li>• Group III — Properties held by the Group for investment in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Investment properties</li> <li>• Completed properties for sale</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Projects under development</b>  the project construction commencement permit has been obtained but the completion and acceptance certificates have not been obtained</li> </ul>	<ul style="list-style-type: none"> <li>• Group IV — Properties held by the Group under development in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Comprises property for which we have obtained the relevant land use right certificates and construction permits</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Projects held for future development<sup>1</sup></b>  some or all of the land use right certificates have been obtained or we have entered into land grant contracts but the construction commencement permit has not been obtained</li> </ul>	<ul style="list-style-type: none"> <li>• Group V — Properties held by the Group for future development in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold land held for development for sale is land for which we have obtained the relevant land use right certificates but have not yet obtained the relevant construction permits</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Projects contracted to be acquired</b>  we have entered into a contract in respect of the project but have not obtained any land use rights and may or may not have entered into any land grant contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Group VI — Properties contracted to be acquired by the Group in the PRC</li> <li>• Group VII — Properties intended to be acquired by the Group in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Comprised of deposits paid for land grant contracts (if we have entered into any land grant contracts)</li> </ul>

Note:

<sup>1</sup> We classify The Spring Land (Phases 4 to 6) as a project held for future development. In 2004, we entered into land grant contracts to obtain land use rights for The Spring Land (Phases 4 to 6), then known as Shenzhen Longhua Lots 3 to 5. However, 深圳市規劃局 (Shenzhen Planning Bureau\*) subsequently rezoned the land and as a result, we were required to enter into supplemental land grant contracts. We have entered into supplemental land grant contracts for The Spring Land (Phases 4 to 6), respectively, and have obtained the land use right certificate for The Spring Land (Phase 6). Our PRC legal adviser has advised us that the original land grant contracts obtained in 2004 remain legal and valid. For further details, please see the paragraph headed “— Our Property Projects — Description of Our Projects — 2. The Spring Land — 深圳水榭春天” in this section.

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For further details, please see the section headed “Summary of Principal PRC Legal and Regulatory Provisions — Sales/Pre-sales of Commodity Buildings” in Appendix VI to this prospectus. Information regarding land costs and development costs in this prospectus is based solely on our internal records and estimates.

We include in this prospectus the project names which we have used, or intend to use, to market our properties. Some of the names of property developments require the approval of relevant authorities and the relevant authorities might not have accepted or may not accept the names we have used or those that we intend to use as the registered names of the properties. As a result, the actual names registered with relevant authorities may be different from the names we have used or intend to use and the names we use or intend to use are subject to change.

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The following table sets out details of our 13 property development projects as at December 31, 2010:

Projects	Use/ Planned use <sup>6</sup>	Site Area <sup>1</sup> (sq.m.)	Total GFA <sup>2</sup>			Total saleable/ leasable GFA (including the portion which was sold) <sup>3</sup>		Total Saleable GFA		Aggregate GFA (exclusive of GFA sold) (sq.m.)	Total leasable GFA held as investment <sup>4</sup> (sq.m.)	Development costs incurred <sup>5</sup> (RMB'000)	Estimated further development costs to complete the project	Construction completion date <sup>6</sup>	Pre-sales commencement date <sup>7</sup>	Interest attributable to us (as at the Latest Practicable Date) (%)	Reference to Property Valuation Report (Property number)
			(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)								
<b>Completed</b>																	
Shenzhen Hidden Valley (Phase 1) <sup>8</sup>	Res	17,919	17,980	8,742	5,434	3,308	—	3,308	3,308	—	117,365	—	Oct-08	May-08	100	4	
Shenzhen Hidden Valley (Phase 2) <sup>8</sup>	Res	57,280	56,581	38,337	37,655	682	—	682	682	—	409,342	—	Aug-09	Sep-08	100	4	
Shenzhen Hidden Valley (Phase 3) <sup>8</sup>	Res	41,597	33,965	23,121	17,868	812	4,441	5,253	5,253	—	225,636	—	Nov-10	Oct-09	100	4	
The Spring Land (Phase 1)	Res/Comm	25,182	71,395	50,322	44,673	1,061	4,588	5,649	5,649	—	266,252	—	Nov-10	Jan-10	100	6	
Shenzhen Water Flower Garden <sup>8</sup>	Res	164,764	294,638	216,545	211,553	—	—	4,992	4,992	4,992	937,760	—	Oct-06	Jul-02	100	15 and 16	
Changzhou Landmark (Phase 1)	Comm	44,491	159,676	98,276	51,649	—	—	46,627	46,627	46,627	565,686	—	Aug-07	Dec-05	100	10	
Changzhou Landmark (Phase 2)	Res/Comm	17,567	127,338	88,646	56,983	—	709	31,663	30,954	—	443,275	—	Mar-09	Sep-06	100	1, 8 and 11	
Changzhou Landmark (Phase 3)	Res/Comm	40,856	156,738	38,215	36,137	—	2,078	2,078	2,078	—	478,954	—	May-09	May-07	100	2	
Changzhou Le Leman City (Phase 1) <sup>8</sup>	Res/Comm	28,524	117,000	90,067	89,281	—	786	786	786	—	290,759	—	Jun-09	Jan-07	100	5	
Changzhou Le Leman City (Phase 2) <sup>8</sup>	Res/Comm	34,634	110,020	84,906	83,650	—	1,256	1,256	1,256	—	288,392	—	Dec-09	Jan-07	100	5	
Changzhou Le Leman City (Phase 3) <sup>8</sup>	Res	70,977	51,113	51,113	38,540	—	12,573	12,573	12,573	—	164,689	—	Dec-10	May-08	100	21	
Changzhou Holiday Inn <sup>12</sup>	Comm	60,015	57,170	50,716	—	—	50,716	50,716	50,716	—	339,860	—	Aug-09	—	100	9	
Dongguan Landmark <sup>8</sup>	Res/Comm	18,738	79,679	65,107	44,890	45	—	20,217	20,172	20,172	248,495	—	Jul-08	Oct-07	100	13	
Hangzhou Landmark <sup>10A</sup>	Comm	14,780	49,989	36,880	10,698	—	1,515	26,182	24,667 <sup>10C</sup>	24,667	105,056	—	Jul-07	Oct-07	100	3 and 14	
Sub-total		637,324	1,383,282	940,993	729,011	1,918	82,652	211,982	127,412	4,881,521	—	—	—	—	—	—	
<b>Projects under development</b>																	
Shenzhen Hidden Valley (Phase 4) <sup>8</sup>	Res	26,251	23,210	14,861	—	9,811	5,051	14,861	14,861	—	105,368	42,429	Jun-11	Aug-10	100	19	
The Spring Land (Phase 2)	Res	28,953	128,088	99,096	—	90,654	8,442	99,096	99,096	—	253,721	139,629	Jun-11	May-10	100	20	
The Spring Land (Phase 3)	Res/Comm	31,529	184,982	138,912	—	—	138,912	138,912	138,912	—	178,762	837,604	Dec-11	May-11	100	20	
Changzhou Landmark (Phase 4)	Res/Comm	21,020	125,159	95,956	—	14,678	81,278	95,956	95,956	—	76,441	545,460	Jun-13	Aug-10	100	18	
Changzhou Le Leman City (Phase 4) <sup>8</sup>	Res/Comm	34,691	124,078	103,921	—	79,096	24,825	103,921	103,921	—	77,368	224,996	Dec-11	Jul-09	100	21	
Changzhou Le Leman City (Phase 5) <sup>8</sup>	Res/Comm	35,448	82,243	61,120	—	41,874	19,246	61,120	61,120	—	113,585	46,149	Aug-11	Aug-10	100	21	
Changzhou Le Leman City (Phase 6) <sup>8</sup>	Res	54,728	31,180	31,180	—	17,765	13,415	31,180	31,180	—	93,672	40,796	Aug-11	Oct-10	100	21	
Sub-total		232,620	698,940	545,046	—	253,878	291,169	545,046	545,046	—	898,917	1,877,063	—	—	—	—	

Projects	Use/ planned use <sup>o</sup>	Site Area <sup>1</sup> (sq.m.)	Total GFA <sup>2</sup> (sq.m.)	Total saleable/ leasable GFA (including the portion which was sold) <sup>3</sup>			Total Saleable GFA			Aggregate GFA (exclusive of GFA sold) (sq.m.)	Total leasable GFA held as investment <sup>4</sup> (sq.m.)	Development costs incurred <sup>5</sup> (RMB'000)	Estimated further development costs to complete the project <sup>1</sup> (RMB'000)	Expected completion date <sup>6</sup>	Interest attributable to us (as at the Latest Practicable Date) (%)	Reference to Property Valuation Report (Property number)
				Of which was sold <sup>4</sup> (sq.m.)	Of which was pre-sold <sup>4</sup> (sq.m.)	Of which remains unsold <sup>4</sup> (sq.m.)	Of which was sold <sup>4</sup> (sq.m.)	Of which was pre-sold <sup>4</sup> (sq.m.)	Of which remains unsold <sup>4</sup> (sq.m.)							
<b>Projects held for future development</b>																
The Spring Land (Phase 4) <sup>8</sup>	Res/Comm	22,067	100,909	70,009	—	70,009	70,009	—	2,948	1,147,772	—	Dec-12	100	24		
The Spring Land (Phase 5) <sup>8</sup>	Res/Comm	17,897	83,500	56,900	—	56,900	56,900	—	—	—	—	Dec-12	100	24		
The Spring Land (Phase 6) <sup>8</sup>	Res/Comm	41,351	211,400	143,580	—	143,580	143,580	—	2,948	1,235,642	—	Dec-13	100	24		
Shenzhen Blue Bay <sup>8</sup>	Res	22,033	23,000	15,000	—	15,000	15,000	—	10,500	116,500	—	Dec-13	92	23		
Changzhou Le Leman City (Phase 7) <sup>8</sup>	Res/Comm	65,693	305,967	232,572	—	232,572	232,572	—	25,226	626,696	—	Oct-14	100	25		
Changzhou Le Leman City (Phase 8) <sup>8</sup>	Res/Comm	42,128	324,619	244,879	—	244,879	244,879	—	15,753	670,667	—	Sep-15	100	25		
Changzhou Le Leman City (Phase 9) <sup>8</sup>	Res/Comm	38,367	129,456	86,894	—	86,894	86,894	—	14,347	229,225	—	Dec-12	100	25		
Changzhou Le Leman City (Phase 10) <sup>8</sup>	Res/Comm	21,618	86,689	42,390	—	42,390	42,390	—	5,862	112,961	—	Sep-15	100	25		
Changzhou Landmark <sup>10b</sup>	Comm	20,727	139,265	111,226	—	72,701	111,226	—	68,320	461,009	—	Jun-13	100	17		
Hangzhou Hidden Valley <sup>9</sup>	Res	302,599	539,042	337,440	—	337,440	337,440	—	21,400	2,431,334	—	Sep-17	100	27		
Taihu Hidden Valley (Phase 1)	Res	200,002	240,000	240,000	—	240,000	240,000	—	—	799,641	—	Dec-16	100	26		
Sub-total		794,482	2,183,847	1,580,890	—	1,542,365	1,580,890	—	167,304	6,683,675	—					
<b>Projects contracted to be acquired</b>																
Taihu Hidden Valley (Phases 2 and 3) <sup>13</sup>	Res	380,002	N/A	N/A	—	—	—	—	—	—	—	N/A <sup>16</sup>	100	29		
Shenzhen New City Plaza <sup>15</sup>	Res/Comm	220,000	1,056,000	770,400	—	770,400	770,400	—	—	3,609,560	—	Dec-15	100	30		
Tianjin Le Leman City <sup>14</sup>	Res/Comm	4,000,020	N/A	N/A	—	—	N/A	N/A	—	—	—	Dec-16	40	31		
Sub-Total		4,600,022	1,056,000	770,400	—	770,400	770,400	—	—	3,609,560	—					
Total		6,264,448	5,322,069	3,837,329	729,011	255,796	2,686,586	3,108,318	165,937	5,947,742	—					

Notes:

- "Res" means "residential"; "Comm" means "commercial".
- The site area is based on the relevant land use right certificates, tender documents, or other relevant agreements, depending on which documents are available.
- The total GFA is based on construction permits or other relevant documents, depending on which documents are available, and includes saleable areas, non-saleable areas, car parks, club house, and public areas.
- Total GFA (including GFA that has been sold) minus car parks, club houses and other public areas.
- The total saleable GFA sold, pre-sold, remaining unsold and total leasable GFA held as investment do not include car parks and have been derived from our internal records.
- Construction costs only.
- The actual or estimated construction completion date represents the completion date of the whole phase. Certain properties within the phase may have been completed before that date. Estimated construction completion date is based on our Company's current estimation.
- The actual or expected pre-sales commencement date is based on pre-sale permits or our Group's project plans (for projects for which our Group has not obtained pre-sale permits).
- Projects developed by SZITIC Property and/or its subsidiaries under Mr. Wong's control since July 2006.
- We obtained the land use right certificates to two of the six parcels of land in Hangzhou Hidden Valley in December 2010 and those to the remaining parcels in February 2011.
- Under the joint development by the Scarborough Group and Mr. Wong (through SIL) prior to June 2008 and under Mr. Wong's control after June 2008.
- Under the development by the Scarborough Group prior to June 2008 and under Mr. Wong's control after June 2008.
- Excludes a total leasable GFA of approximately 4,616 sq.m. which we use as car parks.
- The estimated further development costs refer to the estimated costs to complete the properties under development as at December 31, 2010 and the estimated development costs of properties held for future development.
- Changzhou Holiday Inn is a part of Changzhou Le Leman City (Phase 11).
- We have entered into a land grant contract for one of the parcels of land for Taihu Hidden Valley (Phase 2) in February 2011 and we expect to enter into land grant contracts in respect of the remaining parcels of land for Taihu Hidden Valley (Phases 2 and 3) by December 2011, if we are successful in the listing-for-bidding process.
- Tianjin Le Leman City has a site area of 4,000,020 sq.m. with an expected plot ratio of more than 1.0. In January 2011, we entered into a land grant contract in respect of one parcel of land for Tianjin Le Leman City of a site area of 30,399.8 sq.m. We have not entered into any land grant contracts in respect of the remaining parcels of land for Tianjin Le Leman City.
- We have not entered into any land grant contracts in respect of this project.
- A detailed development schedule is currently not available.



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The table below sets forth the Aggregate GFA information of our 13 projects in terms of planned use of the properties as at December 31, 2010.

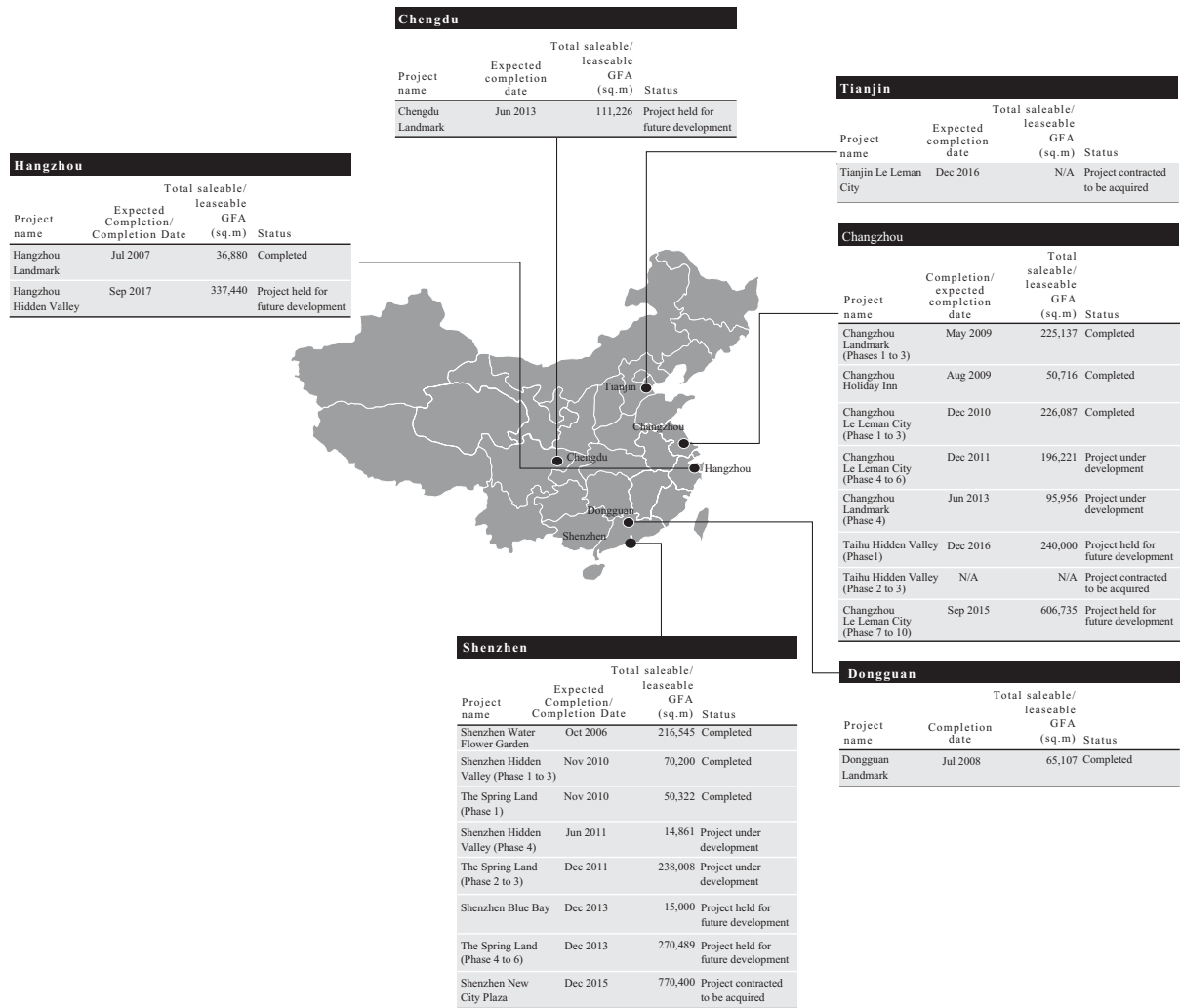
	<u>Completed</u>	<u>Under Development</u>	<u>Held for Future Development</u>	<u>Contracted to be Acquired</u>
	GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
<b>Properties for sale</b>				
Residential . . . . .	26,154	485,639	1,405,206	570,400
Hotel/Service Apartments . . . . .	50,716	16,562	30,963	—
Retail . . . . .	7,700	42,845	64,458	200,000
Office . . . . .	—	—	41,738	—
Sub-total . . . . .	<u>84,570</u>	<u>545,046</u>	<u>1,542,365</u>	<u>770,400</u>
<b>Properties for investment</b>				
Retail . . . . .	127,412	—	38,525	—
Hotel/Service Apartments . . . . .	—	—	—	—
Sub-total . . . . .	<u>127,412</u>	<u>—</u>	<u>38,525</u>	<u>—</u>
<b>Aggregate GFA (sq.m.) . . . . .</b>	<b><u>211,982</u></b>	<b><u>545,046</u></b>	<b><u>1,580,890</u></b>	<b><u>770,400</u></b>

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## *Description of Our Projects*

We had 13 property development projects as at December 31, 2010.

The following information regarding our projects is current as at December 31, 2010, which is the date of our property valuation report contained in the section headed “Property Valuation” in Appendix IV to this prospectus.



**Shenzhen Hidden Valley and The Spring Land — General Business Development**

In November 2000, Long Hua entered into a preliminary agreement with 深圳市規劃國土局寶安分局 (Shenzhen Planning and National Land Bureau Bao'an Branch Bureau\*) relating to the development of a piece of land of approximately 316,385 sq.m. situated in 龍華鎮上塘村 (Shangtang Village Longhua Town\*) in Bao'an District, Shenzhen as a low density high-end residential area. In February 2001, the same parties together with Top Spring Real Estate (Shenzhen) entered into a supplemental agreement. Each of the agreements was subject to the signing of a formal land grant contract. In March and April 2004, Top Spring Real Estate (Shenzhen) entered into four land grant contracts with 深圳市規劃與國土資源局 (Shenzhen Planning and National Land and Resources Bureau\*) for the acquisition of Shenzhen Longhua Lots 1 to 4, respectively, for the development of four pieces of land situated in Bao'an District, Shenzhen. In June 2007, July 2008 and March 2009, Shenzhen Water Flower entered into three supplemental contracts with 深圳市國土資源和房產管理局 (Shenzhen National Land and Resources and Real Estate Administrative Bureau\*) for Longhua Lots 1 and 2. The total amount of land premium payable for the acquisition of Shenzhen Longhua Lots 1 to 4 amounted to RMB71,832,684 and has been fully paid by Top Spring Real Estate (Shenzhen).

In December 2007, 深圳市規劃局 (Shenzhen Planning Bureau\*) confirmed that, due to a change in city planning, Shenzhen Longhua Lots 3 and 4 would be rezoned into three pieces of land, namely Shenzhen Longhua Lots 3, 4 and 5. In December 2008, 深圳市國土資源和房產管理局寶安分局 (Shenzhen National Land and Resources and Real Estate Administrative Bureau Bao'an Branch Bureau\*) confirmed such rezoning of land by 深圳市規劃局 (Shenzhen Planning Bureau\*) and requested that we submit an application for approval of the amended development plans for the three pieces of land to reflect the relevant changes. In September 2009, our amended development plans were approved by the regulatory authority. As at the Latest Practicable Date, Shenzhen Longhua Lots 3 to 5 are held by Top Spring Real Estate (Shenzhen) for future development. Shenzhen Longhua Lots 1 and 2 are currently in the process of being developed into Shenzhen Hidden Valley and The Spring Land (Phases 1 to 3), respectively. We plan to develop Shenzhen Longhua Lots 3, 4 and 5 into Phases 4, 5 and 6 of The Spring Land, respectively.

1. Shenzhen Hidden Valley — 深圳水樹山



*Project Overview*

Shenzhen Hidden Valley is an upscale residential development comprising villas and a club house located in Bao'an District, Shenzhen.

The project occupies a total site area of 143,047 sq.m. with a total GFA of 131,736 sq.m. and an Aggregate GFA of 24,104 sq.m. The total amount of land premium for the land was RMB60,947,725. As at December 31, 2010, the outstanding land premium payable by Shenzhen Water Flower was nil. It is expected to comprise residential units with a total saleable GFA of approximately 85,061 sq.m. We have developed this project through Shenzhen Water Flower which is 75% and 25% owned by SZITIC Property and Xiang Kang, respectively. We have obtained the land use right certificate for this project.

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Shenzhen Hidden Valley is expected to be developed in four phases. Shenzhen Hidden Valley (Phase 1) is a residential development comprising villas and a club house with a total GFA of 17,980 sq.m. Construction of Shenzhen Hidden Valley (Phase 1) has been completed. Shenzhen Hidden Valley (Phase 2) is a residential development comprising villas with a total GFA of 56,581 sq.m. Construction of Shenzhen Hidden Valley (Phase 2) has been completed. Shenzhen Hidden Valley (Phase 3) is a residential development comprising villas with a total GFA of 33,965 sq.m. Construction of Shenzhen Hidden Valley (Phase 3) has been completed. Shenzhen Hidden Valley (Phase 4) is a residential development comprising villas with a total GFA of 23,210 sq.m. Construction of Shenzhen Hidden Valley (Phase 4) commenced in July 2009 and is expected to be completed in June 2011.

### *Phase 1*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Shenzhen Hidden Valley (Phase 1) were as follows:

Construction period		
— Commencement . . . . .		July 2007
— Completion . . . . .		October 2008
Overall development costs incurred (RMB'000) . . . . .		117,365
Total completed GFA (sq.m.) <sup>1</sup> . . . . .		17,980
Total saleable/leasable GFA (sq.m.) . . . . .		8,742
Total saleable GFA sold (sq.m.) . . . . .		5,434
% of saleable GFA sold (sq.m.) . . . . .		62.2%
Aggregate GFA (sq.m.) . . . . .		3,308
	<b><u>Residential</u></b>	<b><u>Retail</u></b>
Total saleable/leasable GFA (sq.m.) . . . . .	8,742	—
Total saleable GFA sold (sq.m.) . . . . .	5,434	—
ASP per sq.m. . . . .	37,242	—

Note:

<sup>1</sup> Includes 117 car parks

## BUSINESS

### *Phase 2*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Shenzhen Hidden Valley (Phase 2) were as follows:

Construction period		
— Commencement . . . . .		December 2007
— Completion . . . . .		August 2009
Development costs incurred (RMB'000) . . . . .		409,342
Total completed GFA (sq.m.) <sup>1</sup> . . . . .		56,581
Total saleable/leasable GFA (sq.m.) . . . . .		38,337
Total saleable GFA sold (sq.m.) . . . . .		37,655
% of saleable GFA sold (sq.m.) . . . . .		98.2%
Aggregate GFA (sq.m.) . . . . .		682
	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	38,337	—
Total saleable GFA sold (sq.m.) . . . . .	37,655	—
ASP per sq.m. (RMB) . . . . .	30,197	—

### *Phase 3*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Shenzhen Hidden Valley (Phase 3) were as follows:

Construction period		
— Commencement . . . . .		March 2009
— Completion . . . . .		November 2010
Development costs incurred (RMB'000) . . . . .		225,636
Total completed GFA (sq.m.) <sup>2</sup> . . . . .		33,965
Total saleable/leasable GFA (sq.m.) . . . . .		23,121
Total saleable GFA sold (sq.m.) . . . . .		17,868
% of saleable GFA sold (sq.m.) . . . . .		77.3%
Aggregate GFA (sq.m.) . . . . .		5,253
	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	23,121	—
Total saleable GFA sold (sq.m.) . . . . .	17,868	—
ASP per sq.m. (RMB) . . . . .	58,473	—

Note:

<sup>1</sup> Includes 283 car parks

<sup>2</sup> Includes 200 car parks

## BUSINESS

### *Phase 4*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Shenzhen Hidden Valley (Phase 4) were as follows:

Construction period	
— Commencement . . . . .	July 2009
— Completion . . . . .	June 2011
Development costs incurred (RMB'000) . . . . .	105,368
Estimated further development costs to be incurred (RMB'000) . . . . .	42,429
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	23,210
Total planned saleable/leasable GFA (sq.m.) . . . . .	14,861
Aggregate GFA (sq.m.) . . . . .	14,861

The ASP of the residential units of Shenzhen Hidden Valley (Phases 1 and 2) (the majority of which were sold in 2008) was RMB37,242 per sq.m. and RMB30,197 per sq.m., respectively, which was significantly higher than the industry ASP for residential properties in Shenzhen of RMB12,794 per sq.m. in 2008. We believe that we have been able to sell our Shenzhen Hidden Valley residential units at a premium primarily because Shenzhen Hidden Valley is a low rise residential development located in an area with easy access to the central business district of Shenzhen. We also believe that we have been able to demand a higher price for our Shenzhen Hidden Valley units because they are more upscale and have higher efficiency ratios and quality, on average, compared with other residential properties developed in Shenzhen.

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Note:

<sup>1</sup> Includes 139 car parks

2. The Spring Land — 深圳水榭春天



*Project Overview*

The Spring Land is a large upscale residential development located in Bao'an District, Shenzhen. It is expected to comprise high rise residential apartments with facilities and services, such as a swimming pool, a gym, a kindergarten, health facilities and a police outpost.

The project occupies a total site area of 166,979 sq.m. with a total GFA of 780,274 sq.m. The total amount of land premium for the land was RMB298,215,696. As at December 31, 2010, the outstanding land premium payable by Shenzhen Water Flower was nil. It is expected to comprise of residential units with a total saleable GFA of approximately 521,793 sq.m. and retail units with a total saleable GFA of approximately 37,026 sq.m. We are developing The Spring Land (Phases 1 to 3) through Shenzhen Water Flower which is 75% and 25% owned by SZITIC Property and Xiang Kang, respectively, and The Spring Land (Phases 4 to 6) through Top Spring Real Estate (Shenzhen).

The Spring Land is being developed in six phases. The Spring Land (Phase 1) comprises a residential development with a total GFA of 71,395 sq.m, community services facilities which will be shared with The Spring Land (Phases 2 and 3) and retail units. Construction of The Spring Land



## BUSINESS

(Phase 1) has been completed. The Spring Land (Phase 2) is expected to be a residential development with a total GFA of 128,088 sq.m. Construction of The Spring Land (Phase 2) commenced in July 2009 and is expected to be completed by June 2011. The Spring Land (Phase 3) is expected to comprise a residential development and retail units, including a large-scale supermarket. It has a total planned GFA of 184,982 sq.m. Construction for The Spring Land (Phase 3) commenced in January 2010 and is expected to be completed by December 2011.

### *Phase 1*

Based on our internal estimates, records, and current project plans as at December 31, 2010, details of The Spring Land (Phase 1) were as follows:

Construction period	
— Commencement . . . . .	May 2009
— Completion . . . . .	November 2010
Development costs incurred (RMB'000) . . . . .	266,252
Total completed GFA (sq.m.) <sup>1</sup> . . . . .	71,395
Total saleable/leasable GFA (sq.m.) . . . . .	50,322
Total saleable GFA sold (sq.m.) . . . . .	44,673
% of saleable GFA sold (sq.m.) . . . . .	88.8%
Aggregate GFA (sq.m.) . . . . .	5,649

	Residential	Retail
Total saleable/leasable GFA (sq.m.) . . . . .	46,966	3,356
Total saleable GFA sold (sq.m.) . . . . .	44,673	—
ASP per sq.m. (RMB) . . . . .	17,021	—

### *Phase 2*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of The Spring Land (Phase 2) were as follows:

Construction period	
— Commencement . . . . .	July 2009
— Planned date of completion . . . . .	June 2011
Development costs incurred (RMB'000) . . . . .	253,721
Estimated further development costs to be incurred (RMB'000) . . . . .	139,629
Total GFA (sq.m.) <sup>2</sup> . . . . .	128,088
Total planned saleable/leasable GFA (sq.m.) . . . . .	99,096
Aggregate GFA (sq.m.) . . . . .	99,096

Notes:

- <sup>1</sup> Includes 267 car parks
- <sup>2</sup> Includes 635 car parks

## BUSINESS

### *Phase 3*

Based on our internal estimates or records and current project plans as at December 31, 2010, details of The Spring Land (Phase 3) were as follows:

Construction period	
— Commencement . . . . .	January 2010
— Planned date of completion . . . . .	December 2011
Development costs incurred (RMB'000) . . . . .	178,762
Estimated further development costs to be incurred (RMB'000) . . . . .	837,604
Total GFA (sq.m.) <sup>1</sup> . . . . .	184,982
Total planned saleable/leasable GFA (sq.m.) . . . . .	138,912
Aggregate GFA (sq.m.) . . . . .	138,912

### *Phases 4 to 6*

The Spring Land (Phases 4 to 6) are, pending government approval, expected to comprise residential units, retail shops and other commercial units. The total amount of land premium paid for The Spring Land (Phases 4 to 6) was RMB150,279,400. As at December 31, 2010, the outstanding land premium payable by Top Spring Real Estate (Shenzhen) was nil. The Spring Land (Phase 4) occupies a total site area of 22,067 sq.m. with a total planned GFA of 100,909 sq.m. The Spring Land (Phase 5) occupies a total site area of 17,897 sq.m. with a total GFA of 83,500 sq.m. The Spring Land (Phase 6) occupies a total site area of 41,351 sq.m. with a total GFA of 211,400 sq.m. Construction for The Spring Land (Phases 4 and 5) is expected to commence in May 2011 and is expected to be completed by December 2012. Construction for The Spring Land (Phase 6) is expected to commence in May 2011 and is expected to be completed by December 2013. These projects will be developed through our wholly-owned subsidiary, Top Spring Real Estate (Shenzhen). We have obtained the land use right certificate for The Spring Land (Phase 6) and we are in the process of obtaining the land use right certificates for The Spring Land (Phases 4 and 5).

The land on which we plan to develop The Spring Land (Phases 4 to 6) was originally zoned as two different lots. We acquired the land use right to these lots in March 2004 through our wholly-owned subsidiary, Top Spring Real Estate (Shenzhen). On December 25, 2007, we received notification from the 深圳市規劃局寶安分局 (Shenzhen Planning Bureau Bao'an Branch\*) that the lots had been rezoned as three lots. Since we had not commenced construction or development of the land within a year of the respective date of the land grant contracts, we received a notification on May 19, 2008, from the Bao'an Branch, that the land had been deemed to be idle land. The relevant idle land fee was waived by the Bao'an Branch. The idle land notice required that we enter into supplemental land grant agreements for the lots. We entered into supplemental 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 Resource Committee Bao'an Management Bureau\*) for the parcels of land on which we plan to develop The Spring Land (Phases 5 to 6) and The Spring Land (Phase 4) in May 2010 and February 2011, respectively. We received the land use right certificate for the land for The Spring Land (Phase 6) on August 2, 2010.

Notes:

<sup>1</sup> Includes 1,000 car parks

## BUSINESS

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 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 Spring Land (Phase 5) will be issued to us sometime during the first half of 2011 and we intend to commence construction by May 2011.

As of the Latest Practicable Date, we had not commenced development of The Spring Land (Phases 4 to 6). Our PRC legal adviser is of the opinion that since 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 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 Spring Land (Phases 4 to 6).

Based on our internal estimates or records and current project plans as at December 31, 2010, details of The Spring Land (Phases 4 to 6) were as follows:

Construction period	
— Planned date of commencement . . . . .	May 2011
— Planned date of completion . . . . .	December 2012 (Phases 4 to 5) December 2013 (Phase 6)
Development costs incurred (RMB'000). . . . .	5,896
Estimated development costs to be incurred (RMB'000) . . . .	2,383,414
Total GFA (sq.m.) <sup>1</sup> . . . . .	395,809
Total planned saleable/leasable GFA (sq.m.) . . . . .	270,489
Aggregate GFA (sq.m.) . . . . .	270,489

Notes:

<sup>1</sup> Includes 2,358 car parks

3. Shenzhen Water Flower Garden — 深圳水樹花都



*Business development*

In September 2001 and November 2004, Shenzhen Hua Long and 深圳香蜜湖度假村有限公司 (Shenzhen Honey Lake Country Club Co., Ltd.\*) (“Shenzhen Honey Lake”) entered into a land grant contract with 深圳市規劃與國土資源局 (Shenzhen Planning and National Land and Resources Bureau\*) and a supplemental contract with 深圳市國土資源和房產管理局 (Shenzhen National Land and Resources and Real Estate Administrative Bureau\*), respectively, for the acquisition of the land use right of a piece of land for the development of Shenzhen Water Flower Garden. The total amount of land premium payable for such acquisition amounted to RMB437,149,074 and has been fully paid by Shenzhen Hua Long and Shenzhen Honey Lake.

*Project Overview*

Shenzhen Water Flower Garden is an upscale low-density property comprising residential developments, retail shops, a vegetable market and two club houses in Futian District, Shenzhen. The project occupies a total site area of 164,764 sq.m. with a total GFA of 294,638 sq.m. Its residential units have a total saleable GFA of approximately 211,553 sq.m., and the vegetable market and two club houses have a total leasable GFA of approximately 4,992 sq.m. We have retained a total leasable GFA of approximately 4,992 sq.m. for investment purposes. We have obtained the land use right certificate for this project. We developed this project through Shenzhen Hua Long. For further details of our investment properties, please see the paragraph headed “— Investment Properties” in this section.

## BUSINESS

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Shenzhen Water Flower Garden were as follows:

Construction period	
— Commencement . . . . .	March 2002
— Completion . . . . .	October 2006
Development costs incurred (RMB'000) . . . . .	937,760
Total completed GFA (sq.m.) <sup>1</sup> . . . . .	294,638
Total saleable/leasable GFA (sq.m.) . . . . .	216,545
Total saleable GFA sold (sq.m.) . . . . .	211,553
% of saleable GFA sold (sq.m.) . . . . .	97.7%
Aggregate GFA (sq.m.) . . . . .	4,992

	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	211,553	4,992
Total saleable GFA sold (sq.m.) . . . . .	211,553	—
ASP per sq.m. (RMB) . . . . .	18,121	—

The ASP of the residential units of our Shenzhen Water Flower Garden project sold between 2003 to 2005 was RMB18,121 per sq.m., which was significantly higher than the ASP for residential properties in Shenzhen which ranged between RMB5,793 per sq.m. and RMB6,996 per sq.m. for that time period. We believe that we were able to sell our Shenzhen Water Flower Garden residential units at an above market price because we were successful in leveraging our well-established “水榭” (Water Flower) brand name in our marketing activities in the Shenzhen region and because our Shenzhen Water Flower Garden project is located in a relatively high class residential district in the central business district of Shenzhen. We also believe that we have been able to demand a higher price for our Shenzhen Water Flower Garden units than other residential properties in Shenzhen because they are of a higher quality, on average, than other residential properties in Shenzhen. Construction of Shenzhen Water Flower Garden is complete and all of the saleable residential units of the project have been sold. For further details, please see the paragraph headed “— Investment Properties” in this section.

Note:

<sup>1</sup> Includes 1,224 car parks

#### **4. Shenzhen Blue Bay — 深圳水樹藍灣**

##### *Business development*

Pursuant to the land grant contract entered into between SZITIC Property, an Independent Third Party and 深圳市規劃國土局 (Shenzhen Planning and National Land and Resources Bureau\*) in January 1998 and supplemental contracts entered into between SZITIC Property and the Independent Third Party at that time and the regulatory authorities during the period between January 1998 and April 2009, SZITIC Property and the Independent Third Party acquired the land use right of the land for the development of Shenzhen Blue Bay. The total amount of land premium payable for such acquisition amounted to RMB14,542,440 and has been fully paid by SZITIC Property and an Independent Third Party.

##### *Project Overview*

Shenzhen Blue Bay is a project held for future development. It is expected to comprise a residential development located in Longgang District, Shenzhen. The project occupies a total site area of 22,033 sq.m. with a total GFA of 23,000 sq.m. Construction is expected to commence in January 2012 and is expected to be completed by December 2013. This project is 92% and 8% owned by SZITIC Property and an Independent Third Party, respectively. We have obtained the land use right certificate for this project.

We and an Independent Third Party acquired the land use right certificate for this project in 1998. On January 9, 2008, we received notification from the 深圳市國土資源和房產管理局龍崗分局 (Shenzhen National Land and Resources and Real Estate Administrative Bureau, Longgang Branch\*) (“Shenzhen Land Bureau, Longgang Branch”), that the land on which we plan to develop this project had been deemed to be idle land because we had not commenced construction and development of the land within a year from the date of the land grant contract. This was due to a dispute with 廣東省邊防海警第一支隊 (Guangdong Coast Guard\*) and the government’s revision of the land planning (as explained in the paragraphs below). We were imposed an idle land fee in the amount of approximately RMB2.7 million, which was paid in full by us and the Independent Third Party in February 2009. We entered into a supplemental land grant agreement on April 30, 2009 with 深圳市國土資源和房產管理局 (Shenzhen Land Bureau\*). Under the supplemental land grant agreement, we were required to commence development of Shenzhen Blue Bay by May 1, 2010 in order to avoid repossession of the land by the government but as at the Latest Practicable Date, we are still waiting for the necessary government approval of our development plan, which has been delayed due to the government’s revision of the land’s development planning. For further details, please see the section headed “Risk Factors — Risks Relating to the Property Sector in the PRC — We maybe 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” in this prospectus.

## BUSINESS

We are currently in a dispute with 廣東省邊防海警第一支隊 (Guangdong Coast Guard\*) regarding the boundary of the parcel of land on which Shenzhen Blue Bay is located. The Guangdong Coast Guard has disputed the land boundary set forth in our land grant contract. In August 2004, when SZITIC Property commenced the onsite geological exploration, the Guangdong Coast Guard argued that land boundary set forth in our land grant contract partially conflicted with their land boundary. We have already submitted this dispute to the local land bureau. On September 20, 2004, Shenzhen Land Bureau, Longgang Branch issued a written response confirming that SZITIC Property has the legal land use right for the Shenzhen Blue Bay land. On July 23, 2007, Shenzhen Land Bureau, Longgang Branch issued another written response confirming that SZITIC Property's land use right for Shenzhen Blue Bay was protected by law. Since the Guangdong Coast Guard is part of the military, such a dispute must be resolved by the land bureau at the provincial level according to the applicable laws and regulations. On March 6, 2007, the Shenzhen Land Bureau, Longgang Branch reported the dispute to Guangdong Land Bureau (廣東省國土資源廳). We have not yet received an official response from the Guangdong Land Bureau as at the Latest Practicable Date. According to our PRC legal adviser, as the land grant contracts and the Shenzhen Blue Bay state-owned land use right certificate are legal and valid, we are entitled to exercise the Shenzhen Blue Bay land use right in accordance with relevant laws and regulations. The above dispute only affects a small portion of the land covered by our land use right for Shenzhen Blue Bay. In addition, as at the Latest Practicable Date, we have submitted our development plans for Shenzhen Blue Bay 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\*) ("Shenzhen Planning Bureau, Binhai Branch") but have not been granted approval from the Shenzhen Land Bureau Binhai Branch as a result of the government's revision of the land's development planning.

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 relevant land be deemed to be idle land by the government again, we will have a good basis to apply for an appeal to 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, including the land premiums we have paid and any pre-development costs incurred in the project, which may amount to a total potential loss for our Group in the aggregate sum of HK\$23.0 million.

For further details, please see the section headed "Risk Factors —Risks Relating to the Property Sector in the PRC — We may be subject to penalties and our land may be repossessed from the PRC government if we do not comply with the terms of our land grant contracts" in this prospectus. Based on our communication with the Shenzhen Land Bureau Binhai Branch, the revision of the land planning is in progress. The Shenzhen Land Bureau Binhai Branch has not informed us as to when the revision will be completed. According to the land grant contract, if our use of the land is delayed due to the fault of Shenzhen Land Bureau, the Shenzhen Land Bureau must compensate us for our economic losses. Our PRC legal adviser is of the opinion that if we suffer economic losses from the delay in the use of land due to the fault of the government, we are entitled to obtain compensation from Shenzhen Land Bureau in accordance with the land grant contract. As at December 31, 2010, the capital value of Shenzhen Blue Bay attributable to us constitutes approximately 1.7% of the total capital value of our property interests. Based on the foregoing, the Directors are of the view that the delay in the development of Shenzhen Blue Bay will not have a material financial or operational impact on the Group.

## BUSINESS

Based on our internal estimates or records and current project plans as at December 31, 2010, details of Shenzhen Blue Bay were as follows:

Construction period	
— Planned date of commencement . . . . .	January 2012
— Planned date of completion . . . . .	December 2013
Development costs incurred (RMB'000) . . . . .	10,500
Estimated further development costs to be incurred (RMB'000) . . . . .	116,500
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	23,000
Total planned saleable/leasable GFA (sq.m.) . . . . .	15,000
Aggregate GFA (sq.m.) . . . . .	15,000

### 5. Changzhou Landmark — 常州萊蒙都會



Note:

<sup>1</sup> Includes 180 car parks



*Business development*

In January 2003, September 2006 and February 2010, respectively, Changzhou Top Spring entered into a land grant contract and two supplemental contracts with 常州市國土資源局 (Changzhou Municipal National Land and Resources Bureau\*) (“Changzhou Land Bureau”) for the acquisition of the land use rights for a piece of land to be used for the development of Changzhou Landmark. Pursuant to the land grant contract and the supplemental contracts, the total amount of land premium payable for the acquisition amounted to RMB177,316,788, of which an outstanding amount of approximately RMB20,560,206 is required to be paid upon the completion of Changzhou Landmark (Phase 4). As at the Latest Practicable Date, Changzhou Landmark (Phase 4) was expected to be completed in June 2013.

*Project Overview*

Changzhou Landmark is a large upscale urban mixed-use community comprising a retail mall, office space, hotels, residential buildings and serviced apartments located in Zhong Lou District, Changzhou. Changzhou Landmark (Phase 1) has won numerous awards, such as “2005 China Top 10 Mainstream Commercial Real Estate Project” and “2005 China Shopping Center Research Model Project”.

The project occupies a total site area of 123,934 sq.m. with a total saleable/leasable GFA of 321,093 sq.m. It is expected to comprise residential units with a total saleable GFA of approximately 111,857 sq.m., retail units with a total saleable GFA of approximately 181,593 sq.m., and a hotel and serviced apartments with a total saleable GFA of approximately 27,643 sq.m. As at the Latest Practicable Date, we have retained a total leasable GFA of approximately 77,581 sq.m. for investment purposes. For further details of our investment properties, please see the paragraph headed “— Investment Properties” in this section. We developed this project through our wholly-owned subsidiary, Changzhou Top Spring. We have obtained the land use right certificate for this project. Upon completion, it is expected to be the largest urban mixed-use community in Jiangsu Province in terms of GFA.

Changzhou Landmark is expected to be developed in four phases. Changzhou Landmark (Phase 1) comprises a four-storey retail mall with a total GFA of 159,676 sq.m. Changzhou Landmark (Phases 2 and 3) comprise a retail shops, hotels/serviced apartments and residential buildings with a total GFA of 127,338 sq.m. and 156,738 sq.m., respectively. Construction of Changzhou Landmark (Phases 1 to 3) has been completed. Changzhou Landmark (Phase 4) will comprise retail shops, hotel/serviced apartments and residential buildings with a total planned GFA of 125,159 sq.m. Construction for Changzhou Landmark (Phase 4) commenced in August 2010 and is expected to be completed by June 2013. The mall has Wal-mart as an Anchor Tenant.

## BUSINESS

### *Phase 1*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Landmark (Phase 1) were as follows:

Construction period	
— Commencement . . . . .	December 2005
— Completion . . . . .	August 2007
Development costs incurred (RMB'000) . . . . .	565,686
Total completed GFA (sq.m.) <sup>1</sup> . . . . .	159,676
Total saleable/leasable GFA (sq.m.) . . . . .	98,276
Saleable GFA sold (sq.m.) . . . . .	51,649
% of saleable GFA sold (sq.m.) . . . . .	53%
Aggregate GFA (sq.m.) . . . . .	46,627

	<b>Residential</b>	<b>Retail</b>	<b>Offices</b>
Total saleable/leasable GFA (sq.m.) . . . . .	—	98,276	—
Total saleable GFA sold (sq.m.) . . . . .	—	51,649	—
ASP per sq.m. (RMB). . . . .	—	11,512	—

### *Phase 2*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Landmark (Phase 2) were as follows:

Construction period	
— Commencement . . . . .	September 2006
— Completion . . . . .	March 2009
Development costs incurred (RMB'000) . . . . .	443,275
Total completed GFA (sq.m.) <sup>2</sup> . . . . .	127,338
Total saleable/leasable GFA (sq.m.) . . . . .	88,646
Saleable GFA sold (sq.m.) . . . . .	56,983
% of saleable GFA sold (sq.m.) . . . . .	64%
Aggregate GFA (sq.m.) . . . . .	31,663

	<b>Residential</b>	<b>Retail</b>	<b>Hotel/Service Apartments</b>
Total saleable/leasable GFA (sq.m.)	41,748	35,817	11,081
Total saleable GFA sold (sq.m.) . . . . .	41,688	4,214	11,081
ASP per sq.m. (RMB). . . . .	8,032	54,788	5,624

Notes:

- <sup>1</sup> Includes 516 car parks
- <sup>2</sup> Includes 668 car parks

## BUSINESS

### Phase 3

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Landmark (Phase 3) were as follows:

Construction period	
— Commencement . . . . .	January 2007
— Completion . . . . .	May 2009
Development costs incurred (RMB'000) . . . . .	478,954
Total completed GFA (sq.m.) <sup>1</sup> . . . . .	156,738
Total saleable/leasable GFA (sq.m.) . . . . .	38,215
Saleable GFA sold (sq.m.) . . . . .	36,137
% of saleable GFA sold (sq.m.) . . . . .	95%
Aggregate GFA (sq.m.) . . . . .	2,078

	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	4,050	34,165
Total saleable GFA (sq.m.) sold . . . . .	3,182	32,955
ASP per sq.m. (RMB) . . . . .	12,631	8,102

### Phase 4

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Landmark (Phase 4) were as follows:

Construction period	
— Commencement . . . . .	August 2010
— Planned date of completion . . . . .	June 2013
Development costs incurred (RMB'000) . . . . .	76,441
Estimated further development costs to be incurred (RMB'000) . . . . .	545,460
Total planned GFA (sq.m.) <sup>2</sup> . . . . .	125,159
Total planned saleable/leasable GFA (sq.m.) . . . . .	95,956
Aggregate GFA (sq.m.) . . . . .	95,956

	<b>Residential</b>	<b>Retail</b>	<b>Hotel/ Serviced Apartments</b>
Total planned saleable/leasable GFA (sq.m.) . . . . .	66,059	13,335	16,562

Notes:

- <sup>1</sup> Includes 636 car parks
- <sup>2</sup> Includes 465 car parks

6. Changzhou Le Leman City — 常州萊蒙城



*Business development*

In February 2006, Prosperous Property Development successfully bid on the land use right for Changzhou Le Leman City in a listing-for-bidding process. In April 2006, Changzhou Water Flower entered into a land grant contract with 常州市國土資源局武進分局 (Changzhou Municipal National Land and Resources Bureau, Wujin Branch Bureau\*) for the acquisition of such land use right. The total amount of land premium payable for such acquisition amounted to RMB466,566,240 and has been fully paid by Changzhou Water Flower.

*Project Overview*

Changzhou Le Leman City is an upscale residential development project comprising a hotel, namely Changzhou Holiday Inn, a central park, residential developments (such as villas, high rise and low rise apartments) and a retail mall located in Wujin District, Changzhou.

The project occupies a total site area of 486,823 sq.m. with a total saleable/leasable GFA of 1,079,758 sq.m. It comprises residential units with a total saleable GFA of approximately 961,649 sq.m., retail units with a total leasable GFA of approximately 67,393 sq.m. and a hotel with a total saleable/leasable GFA of approximately 50,716 sq.m. We developed this project through Changzhou Water Flower which is 40% and 60% owned by our wholly owned subsidiary, Prosperous Property Development and SZITIC Property, respectively. We have obtained the land use rights certificate for this project.

## BUSINESS

Changzhou Le Leman City is expected to be developed in eleven phases. Changzhou Le Leman City (Phase 1) comprises retail shops and high rise residential apartments with a total GFA of 117,000 sq.m. Construction of Changzhou Le Leman City (Phases 1 to 3) is completed. Changzhou Le Leman City (Phase 2) comprises residential developments and retail shops with a total planned GFA of 110,020 sq.m. Changzhou Le Leman City (Phase 3) comprises villas with a total completed GFA of 51,113 sq.m.

Changzhou Le Leman City (Phase 4) comprises a residential development and retail shops with a total planned GFA of 124,078 sq.m. Construction of Changzhou Le Leman City (Phase 4) commenced in June 2009 and is expected to be completed by December 2011. Changzhou Le Leman City (Phase 5) comprises retail shops and a residential development which includes high rise residential apartments with a total planned GFA of 82,243 sq.m. Construction of Changzhou Le Leman City (Phase 5) commenced in April 2008 and is expected to be completed in August 2011. Changzhou Le Leman City (Phase 6) comprises a residential development of villas with a total planned GFA of 31,180 sq.m. Construction of Changzhou Le Leman City (Phase 6) commenced in October 2010 and is expected to be completed by August 2011.

Changzhou Le Leman City (Phase 7) is expected to comprise both high rise and low rise residential apartments and retail shops with a total planned GFA of 305,967 sq.m. Construction of Changzhou Le Leman City (Phase 7) is expected to commence in October 2011 and to be completed by October 2014. Changzhou Le Leman City (Phase 8) is expected to comprise residential developments (such as villas and high rise residential apartments) and retail shops with a total planned GFA of 324,619 sq.m. Construction of Changzhou Le Leman City (Phase 8) is expected to commence in May 2013 and is expected to be completed by September 2015. Changzhou Le Leman City (Phase 9) is expected to comprise high rise residential apartments and retail shops with a total planned GFA of 129,456 sq.m. Construction of Changzhou Le Leman City (Phase 9) is expected to commence in April 2011 and is expected to be completed by December 2012. Changzhou Le Leman City (Phase 10) is expected to comprise residential developments such as, apartments which include high rise apartments, serviced apartments as well as retail shops, and will have a total planned GFA of 86,689 sq.m. Construction for Changzhou Le Leman City (Phase 10) is expected to commence in September 2012 and is expected to be completed by September 2015.

Changzhou Le Leman City (Phase 11) comprises the Changzhou Holiday Inn which is a 5-star hotel with 291 rooms and two separate buildings. The facilities buildings include facilities such as tennis courts, a swimming pool and a conference center. These facilities are shared with the other phases of Changzhou Le Leman City. The Changzhou Holiday Inn has a total GFA of 57,170 sq.m. Construction of the hotel building was completed in August 2009.

## BUSINESS

### *Phase 1*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 1) were as follows:

Construction period		
— Commencement . . . . .		May 2006
— Completion . . . . .		June 2009
Development costs incurred (RMB'000) . . . . .		290,759
Total completed GFA (sq.m.) <sup>1</sup> . . . . .		117,000
Total saleable/leasable GFA (sq.m.) . . . . .		90,067
Total saleable GFA sold (sq.m.) . . . . .		89,281
% of saleable GFA sold (sq.m.) . . . . .		99%
Aggregate GFA (sq.m.) . . . . .		786
	<b><u>Residential</u></b>	<b><u>Retail</u></b>
Total saleable/leasable GFA (sq.m.) . . . . .	86,621	3,446
Total saleable GFA (sq.m.) sold . . . . .	86,621	2,660
ASP per sq.m. (RMB) . . . . .	3,548	16,000

### *Phase 2*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 2) were as follows:

Construction period		
— Commencement . . . . .		August 2007
— Completion . . . . .		December 2009
Development costs incurred (RMB'000) . . . . .		288,392
Total completed GFA (sq.m.) <sup>2</sup> . . . . .		110,020
Total saleable/leasable GFA (sq.m.) . . . . .		84,906
Saleable GFA sold (sq.m.) . . . . .		83,650
% of saleable GFA sold (sq.m.) . . . . .		98.5%
Aggregate GFA (sq.m.) . . . . .		1,256
	<b><u>Residential</u></b>	<b><u>Retail</u></b>
Total saleable/leasable GFA (sq.m.) . . . . .	81,257	3,649
Total saleable GFA sold (sq.m.) . . . . .	80,001	3,649
ASP per sq.m. (RMB) . . . . .	3,832	9,719

Notes:

<sup>1</sup> Includes 700 car parks

<sup>2</sup> Includes 543 car parks

## BUSINESS

### *Phase 3*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 3) were as follows:

Construction period	
— Commencement . . . . .	September 2007
— Completion . . . . .	December 2010
Development costs incurred (RMB'000) . . . . .	164,689
Total completed GFA (sq.m.) <sup>1</sup> . . . . .	51,113
Total saleable/leasable GFA (sq.m.) . . . . .	51,113
Total saleable GFA sold (sq.m.) . . . . .	38,540
% of saleable GFA sold (sq.m.) . . . . .	75%
Aggregate GFA (sq.m.) . . . . .	12,573

	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	51,113	—
Total saleable GFA sold (sq.m.) . . . . .	38,540	—
ASP per sq.m. (RMB) . . . . .	6,832	—

### *Phase 4*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 4) were as follows:

Construction period	
— Commencement . . . . .	June 2009
— Planned date of completion . . . . .	December 2011
Development costs incurred (RMB'000) . . . . .	77,368
Estimated further development costs to be incurred (RMB'000) . . . . .	224,996
Total planned GFA (sq.m.) <sup>2</sup> . . . . .	124,078
Total planned saleable/leasable GFA (sq.m.) . . . . .	103,921
Aggregate GFA (sq.m.) . . . . .	103,921

Notes:

- <sup>1</sup> Includes 132 car parks
- <sup>2</sup> Includes 717 car parks

## BUSINESS

### *Phase 5*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 5) were as follows:

Construction period	
— Commencement . . . . .	April 2008
— Planned date of completion . . . . .	August 2011
Development costs incurred (RMB'000) . . . . .	113,585
Estimated further development costs to be incurred (RMB'000) . . . . .	46,149
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	82,243
Total planned saleable/leasable GFA (sq.m.) . . . . .	61,120
Aggregate GFA (sq.m.) . . . . .	61,120

### *Phase 6*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 6) were as follows:

Construction period	
— Commencement . . . . .	October 2010
— Planned date of completion . . . . .	August 2011
Development costs incurred (RMB'000) . . . . .	93,672
Estimated further development costs to be incurred (RMB'000) . . . . .	40,796
Total planned GFA (sq.m.) <sup>2</sup> . . . . .	31,180
Total planned saleable/leasable GFA (sq.m.) . . . . .	31,180
Aggregate GFA (sq.m.) . . . . .	31,180

Notes:

- <sup>1</sup> Includes 528 car parks
- <sup>2</sup> Includes 110 car parks



## BUSINESS

### *Phase 7*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 7) were as follows:

Construction period	
— Planned date of commencement . . . . .	October 2011
— Planned date of completion . . . . .	October 2014
Development costs incurred (RMB'000) . . . . .	25,226
Estimated further development costs to be incurred (RMB'000) . . . . .	626,696
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	305,967
Total planned saleable/leasable GFA (sq.m.) . . . . .	232,572
Aggregate GFA (sq.m.) . . . . .	232,572

### *Phase 8*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 8) were as follows:

Construction period	
— Planned date of commencement . . . . .	May 2013
— Planned date of completion . . . . .	September 2015
Development costs incurred (RMB'000) . . . . .	15,753
Estimated further development costs to be incurred (RMB'000) . . . . .	670,667
Total planned GFA (sq.m.) <sup>2</sup> . . . . .	324,619
Total planned saleable/leasable GFA (sq.m.) . . . . .	244,879
Aggregate GFA (sq.m.) . . . . .	244,879

Notes:

- <sup>1</sup> Includes 1,382 car parks
- <sup>2</sup> Includes 1,497 car parks

## BUSINESS

### *Phase 9*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 9) were as follows:

Construction period	
— Planned date of commencement . . . . .	April 2011
— Planned date of completion . . . . .	December 2012
Development costs incurred (RMB'000) . . . . .	14,347
Estimated further development costs to be incurred (RMB'000) . . . .	229,225
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	129,456
Total planned saleable/leasable GFA (sq.m.) . . . . .	86,894
Aggregate GFA (sq.m.) . . . . .	86,894

### *Phase 10*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Le Leman City (Phase 10) were as follows:

Construction period	
— Planned date of commencement . . . . .	September 2012
— Planned date of completion . . . . .	September 2015
Development costs incurred (RMB'000) . . . . .	5,862
Estimated further development costs to be incurred (RMB'000) . . . .	112,961
Total planned GFA (sq.m.) <sup>2</sup> . . . . .	86,689
Total planned saleable/leasable GFA (sq.m.) . . . . .	42,390
Aggregate GFA (sq.m.) . . . . .	42,390

### *Phase 11 — Changzhou Holiday Inn — 常州武進假日酒店*

On December 18, 2006, Changzhou Water Flower entered into a management agreement with Holiday Inns (China), pursuant to which the hotel developed by Changzhou Water Flower would be operated under the “Holiday Inn” brand. Holiday Inns (China) Ltd. (假日酒店(中國)有限公司) agreed to manage Changzhou Holiday Inn for a monthly management fee, calculated based on the monthly total revenue and gross profit of the hotel.

Notes:

- <sup>1</sup> Includes 1,187 car parks
- <sup>2</sup> Includes 1,236 car parks

## BUSINESS

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Changzhou Holiday Inn were as follows:

Construction period	
— Commencement . . . . .	September 2008
— Completion . . . . .	August 2009
Development costs incurred (RMB'000) . . . . .	339,860
Total completed GFA (sq.m.) . . . . .	57,170
Total saleable/leasable GFA (sq.m.) . . . . .	50,716
Aggregate GFA (sq.m.) . . . . .	50,716

### 7. **Chengdu Landmark** — 成都萊蒙置地廣場

#### *Business development*

Pursuant to an agreement and a confirmation letter entered into between Top Spring (Chengdu) and an auction institution (an Independent Third Party) engaged by 四川省高級人民法院 (Sichuan Provincial High Court\*) (“Sichuan Provincial High Court”) in October 2006) and a court order issued by the Sichuan Provincial High Court in November 2006, Top Spring (Chengdu) acquired the land use right for a piece of land for the development of Chengdu Landmark by way of court ordered auction. The total amount of consideration payable for the acquisition amounted to RMB150,000,000, which has been fully paid by Top Spring (Chengdu).

#### *Project Overview*

Chengdu Landmark is expected to be an upscale urban mixed-use community located in Wuhou District, Chengdu. It is expected to comprise retail units with a total leasable GFA of approximately 38,525 sq.m., office units with a total saleable GFA of approximately 41,738 sq.m. and a hotel/serviced apartments with a GFA of approximately 30,963 sq.m. Construction will commence in June 2011 and is expected to be completed by June 2013.

The project occupies a total site area of 20,727 sq.m. with a total planned GFA of 139,265 sq.m. We are developing this project through our wholly-owned subsidiary, Top Spring (Chengdu). We have obtained the land use right certificate for this project.

## BUSINESS

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Chengdu Landmark were as follows:

Construction period	
— Planned date of commencement . . . . .	June 2011
— Planned date of completion . . . . .	June 2013
Development costs incurred (RMB'000) . . . . .	68,320
Estimated further development costs to be incurred (RMB'000) . . . . .	461,009
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	139,265
Total planned saleable/leasable GFA (sq.m.) . . . . .	111,226
Aggregate GFA (sq.m.) . . . . .	111,226

Chengdu Landmark did not contribute any revenue to our Group as Top Spring (Chengdu) was not a subsidiary of our Group until June 18, 2008, when Original TSI, which was already indirectly holding a 50% interest in SIL, acquired, through a wholly-owned subsidiary, the remaining 50% interest in SIL from the Scarborough Group. The results of Top Spring (Chengdu) have only been included in our Group's combined financial statements since June 18, 2008.

On November 16, 2010, we entered into a long-term tenancy agreement with the Rainbow Group, pursuant to which we agreed to lease various retail units in our Chengdu Landmark to the Rainbow Group for the purpose of developing the Rainbow Department Store. The GFA of the leased premises is approximately 30,500 sq.m. The subject lease is for a term of 20 years and the total amount payable under the lease is approximately RMB433.7 million (comprised of approximately RMB397.1 million in rent and approximately RMB36.6 million in management fees) to be paid on a monthly basis.

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Note:

<sup>1</sup> Includes 640 car parks

8. Hangzhou Landmark — 杭州萊蒙商業中心



*Business development*

In October 2005, Top Spring International (Yuhang) successfully bid on the land use right for the Hangzhou Landmark project in a listing-for-bidding process. In October 2005 and December 2005, Top Spring International (Yuhang) entered into a land grant contract and a supplemental contract with 杭州市國土資源局余杭分局 (Hangzhou Municipal National Land and Resources Bureau Yuhang Branch Bureau\*), respectively, for the acquisition of such land use right. The total amount of land premium payable for such acquisition amounted to RMB20,284,045 and has been fully paid by Top Spring International (Yuhang).

*Project Overview*

Hangzhou Landmark is a four-storey retail mall located in Yuhang District, Hangzhou. The mall has Anchor Tenants, such as Wal-Mart, Watsons and KFC.

## BUSINESS

The project occupies a total site area of 14,780 sq.m. with a total GFA of 49,989 sq.m. We developed this project through our wholly-owned subsidiary, Top Spring International (Yuhang). It comprises retail units with a total saleable/leasable GFA of approximately 36,880 sq.m. Currently, we have retained a total leasable GFA of approximately 24,667 sq.m.<sup>1</sup> for investment purposes. For further details of our investment properties, please see the paragraph headed “— Investment Properties” in this section. We have obtained the land use right certificate for this project.

Based on our internal estimates, records and current project plans as at December 31, 2010, details of our Hangzhou Landmark were as follows:

Construction period	
— Date of commencement . . . . .	January 2006
— Date of completion . . . . .	July 2007
Development costs incurred (RMB'000) . . . . .	105,056
Total completed GFA (sq.m.) <sup>2</sup> . . . . .	49,989
Total saleable/leasable GFA (sq.m.) . . . . .	36,880
Saleable GFA (sq.m.) sold . . . . .	10,698
% of saleable GFA (sq.m.) sold . . . . .	29.0%
Aggregate GFA (sq.m.) . . . . .	26,182

	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	—	36,880
Total saleable GFA sold (sq.m.) . . . . .	—	10,698
ASP per sq.m. (RMB) . . . . .	—	5,744

Hangzhou Landmark did not contribute any revenue to our Group prior to June 18, 2008 as Top Spring International (Yuhang) was not a subsidiary of our Group until June 18, 2008. The results of operations of Top Spring International (Yuhang) have only been included in our Group’s combined financial statements since June 18, 2008.

Note:

- <sup>1</sup> Excludes total leasable GFA of approximately 4,616 sq.m. which we use as car parks.
- <sup>2</sup> Includes 295 car parks

9. Dongguan Landmark — 東莞萊蒙商業中心



*Business development*

In January 2005, SZITIC Property successfully bid in the listing-for-bidding and acquired the land use right to a piece of land to be used for the development of Dongguan Landmark. In May 2005, Dongguan SZITIC (a company which was then 90% owned by SZITIC Property) entered into a land grant contract with 東莞市國土資源局 (Dongguan Municipal National Land and Resources Bureau\*) for the acquisition of such land use right. The total amount of land premium payable for such acquisition amounted to RMB87,778,654 which has been fully paid by Dongguan SZITIC.

*Project Overview*

Dongguan Landmark is an urban mixed-use community comprising a four-storey retail complex and three high-rise buildings and is located in Nancheng District, Dongguan. The mall has Flyhigh Entertainment Center and China Cinemaland as Anchor Tenants.

## BUSINESS

The project occupies a total site area of 18,738 sq.m. with a total GFA of 79,679 sq.m. It comprises residential units with a total saleable GFA of approximately 43,288 sq.m. and retail units with a total leasable GFA of approximately 21,819 sq.m. Currently, we have retained a total leasable GFA of approximately 20,172 sq.m. for investment purposes. For further details of our investment properties, please see the paragraph headed “— Investment Properties” in this section. We developed this project through Dongguan SZITIC, which is 100% owned by SZITIC Property. We have obtained the land use right certificates for this project.

Based on our internal estimates, records and current project plans as at December 31, 2010, details of our Dongguan Landmark project were as follows:

Construction period	
— Commencement . . . . .	June 2006
— Completion . . . . .	October 2007 (retail) July 2008 (residential)
Development costs incurred (RMB'000) . . . . .	248,495
Total planned GFA (sq.m.) <sup>1</sup> . . . . .	79,679
Total saleable/leasable GFA (sq.m.) . . . . .	65,107
Saleable GFA sold (sq.m.) . . . . .	44,890
% of saleable GFA sold (sq.m.) . . . . .	68.9%
Saleable GFA pre-sold (sq.m.) . . . . .	45
% of saleable GFA pre-sold (sq.m.) . . . . .	0.1%
Aggregate GFA (sq.m.) . . . . .	20,217

	<b>Residential</b>	<b>Retail</b>
Total saleable/leasable GFA (sq.m.) . . . . .	43,288	21,819
Total saleable GFA sold (sq.m.) . . . . .	43,288	1,602
Total saleable GFA pre-sold (sq.m.) . . . . .	—	45
ASP per sq.m. (RMB) . . . . .	7,509	16,356

### 10. Taihu Hidden Valley — 太湖水榭山

#### *Business development*

Through our wholly-owned subsidiary Top Spring Taihu Bay, we entered into a land development agreement (the “Taihu Bay Development Agreement”) with 常州市武進太湖灣旅遊度假區管理委員會. (Changzhou City Wujin Taihu Bay Tourist Vacation Area Management Committee\*) (the “Committee”) (which engaged on behalf of the government of Wujin District, Changzhou) in September 2009. The agreement relates to (1) our acquisition of a total of 870 mu (approximately 580,003 sq.m.) of state-owned land in Wujin District to be used for a property development project which is to be acquired through the relevant listing-for-bidding processes in three separate phases; (2) the Committee’s acquisition of an existing water recreation center from an Independent Third

Note:

<sup>1</sup> Includes car parks



## BUSINESS

Party and subsequent sale to us; and (3) our lease from the government of Wujin District of 695 mu (approximately 463,336 sq.m.) of land surrounding the project development site where we will undertake landscaping efforts to enhance the appeal of our development. We established our wholly-owned subsidiary Taihu Hidden Valley for the acquisition and development of the land.

Pursuant to the Taihu Bay Development Agreement, Taihu Hidden Valley is expected to be developed in three phases. On December 16, 2009, we were, through our wholly-owned subsidiary, Changzhou Taihu Bay, successful in the listing-for-bidding process to acquire Taihu Hidden Valley (Phase 1) constituting 300 mu (approximately 200,002 sq.m.). We signed the relevant land grant contract for the Taihu Hidden Valley (Phase 1) land with the 常州市國土資源局武進分局 (Changzhou National Land and Resources Bureau Wujin Branch\*) on December 22, 2009 and completed the payment of the land premium of RMB224,002,240 for Taihu Hidden Valley (Phase 1) in December 2009. We obtained the land use right certificate for the Taihu Hidden Valley (Phase 1) in January 2010.

Pursuant to the land grant contract we entered into with respect to Taihu Hidden Valley (Phase 1) we were required to commence construction on the property prior to April 30, 2010. As at the Latest Practicable Date, we had not commenced construction as the Committee had not completed the relevant demolition work for which it is responsible and which is required to be completed prior to our commencing construction on the property. We issued an explanatory letter setting forth the Committee's failure to complete the demolition work as the reason for our delay in commencing construction. The Committee and the Changzhou National Land and Resources Bureau Wujin Branch both affixed their stamps to certify the contents of the letter. As at the Latest Practicable Date, the Committee had not completed the demolition work. The land grant contract states that the Changzhou National Land and Resources Bureau Wujin Branch may charge a penalty of 0.1% of the purchase price for each day of delay in the commencement of construction on the property. The purchase price of the property was approximately RMB224,002,240. Our PRC legal adviser has advised us that the risk of our being penalized for not commencing construction is low as the delay has been caused by the Committee's failure to complete the demolition work. However, there can be no assurance that we will not be required to pay such penalties or as to how such penalties may be calculated. There can be no assurance that the Committee will complete the demolition work in a timely manner or at all. Moreover, there can be no assurance that we will not be subject to further penalties for further delays in commencing construction. Further delays may subject us to the risk of the parcel being deemed to be idle land. For further details of the risks involved, please see "Risk Factors – 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".

In February, 2011, we won the listing-for-bidding for one of the parcels of land for Taihu Hidden Valley (Phase 2) with a site area of 44,877 sq.m. and for a consideration of RMB68,213,040 (which we have not yet paid) and entered into the relevant land grant contract. Assuming we are successful, the consideration for our acquisition of the remaining parcels for Taihu Hidden Valley (Phase 2) and Taihu Hidden Valley (Phase 3) will be determined through the listing-for-bidding processes. We will not enter into land grant contracts in respect of the remaining parcels of land for Taihu Hidden Valley (Phases 2 and 3) unless we are successful in the listing-for-bidding processes.

The date when the Committee will acquire the water recreation center has not been determined, nor have the date of its subsequent transfer to us or the amount of consideration we will be required to pay for such transfer. The commencement date for our lease of the land surrounding the development has not yet been determined, nor has the relevant lease rate.

*Project Overview*

Taihu Hidden Valley (Phase 1) is expected to comprise upscale villas and high-rise apartments located in Wujin District, Changzhou. The consideration for the land was approximately RMB224 million. It is expected to comprise residential units with a total saleable GFA of approximately 240,000 sq.m. Construction is expected to commence in July 2012 and is expected to be completed by December 2016.

The project occupies a total site area of 200,002 sq.m. with a total planned GFA of 240,000 sq.m. We are developing this project through our wholly-owned subsidiary, Changzhou Taihu Bay. We have obtained the land use right certificate for this project.

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Taihu Hidden Valley (Phase 1) were as follows:

Construction period	
— Planned date of commencement . . . . .	July 2012
— Planned date of completion . . . . .	December 2016
Estimated further development costs to be incurred (RMB'000) . . . .	799,641
Total planned GFA (sq.m.) . . . . .	240,000
Total planned saleable GFA (sq.m.) . . . . .	240,000
Aggregate GFA (sq.m.) . . . . .	240,000

**11. Hangzhou Hidden Valley — 杭州水榭山**

*Business Development*

Through our wholly-owned subsidiaries Xiang Kang and Top Spring International (Xiqi), we successfully bid in the listing-for-bidding processes for six parcels of land in Fuyang, Zhejiang Province constituting a site area of 302,599 sq.m. on November 26, 2009 for the development of Hangzhou Hidden Valley. We entered into land grant contracts with 富陽市國土資源局 (Fuyang City National Land and Resources Bureau\*) on November 27, 2009 for each of the six parcels of land, under which the total amount of land premium for all six parcels is RMB1,952.2 million, of which we had fully paid. We established our wholly-owned subsidiary Top Spring (Fuyang) for the purposes of the development on December 21, 2009. We have obtained the land use right certificates for all of the six parcels of land for Hangzhou Hidden Valley.

*Project Overview*

Hangzhou Hidden Valley is a residential development expected to be comprised of high-rise apartments, villas and townhouses.

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Based on our internal estimates, records and current project plans as at December 31, 2010, details of Hangzhou Hidden Valley were as follows:

Construction period	
— Planned date of commencement . . . . .	June 2011
— Planned date of completion . . . . .	September 2017
Development costs incurred (RMB'000) . . . . .	21,400
Estimated further development costs to be incurred (RMB'000) . . . . .	2,431,334
Total planned GFA (sq.m.) . . . . .	539,042
Total planned saleable/leasable GFA (sq.m.) . . . . .	337,440
Aggregate GFA (sq.m.) . . . . .	337,440

### 12. Shenzhen New City Plaza — 深圳水榭明天

Shenzhen New City Plaza is an urban redevelopment project. As at the Latest Practicable Date, we had not entered into a land grant contract and we had not obtained any land use rights in relation to the project.

#### *Business Development*

We acquired Shenzhen New City Plaza from 深圳市愛利誠實業有限公司 (Shenzhen Ai Li Cheng Industry Co. Ltd\*) (“Ai Li Cheng”), an Independent Third Party. Ai Li Cheng had previously entered into an agreement with Independent Third Parties 深圳市龍崗南聯股份合作公司 (Shenzhen Longgang Nanlian Cooperation Company\*) (“Nanlian”) and 深圳市龍崗區龍崗街道辦事處南聯社區居民委員會 (the Nanlian Residents Committee of the Longgang Sub-District Office of the Shenzhen Longgang District\*) (the “Resident Committee”) on May 10, 2007 in relation to the redevelopment of 深圳市龍崗區南聯社區簡一, 簡二, 黃龍坡城中村 (Shenzhen City Longgang District Nanlian Community One and Two and Huanglongpo Village\*), constituting a site area of approximately 300,000 sq.m. (including roads, green areas and public facilities). After signing the agreement with Nanlian and the Resident Committee, Ai Li Cheng entered into agreements with residents holding a total GFA of approximately 80,000 sq.m. pursuant to which such residents agreed to relocate and Ai Li Cheng agreed to compensate them for relocating.

We entered into an agreement with Ai Li Cheng on September 20, 2010 pursuant to which Ai Li Cheng assigned its interests under the agreement with Nanlian and the Resident Committee and its agreements with the original residents of the land for consideration of RMB360 million, which we have fully paid. Ai Li Cheng also agreed to pay the compensation due to the original residents relocated pursuant to the agreements that Ai Li Cheng assigned to us. Also on September 20, 2010, we entered into an agreement with 深圳市恒道文化發展有限公司 (Shenzhen Hengdao Culture Development Co. Ltd.\*) (“Hengdao”), an Independent Third Party, wherein Hengdao agreed to, amongst other things, assist us to enter into agreements with Ai Li Cheng, Nanlian and the Resident Committee, assist us to complete all procedures in relation to the assignment and to advise on the acquisition of Shenzhen New City Plaza. We agreed to pay Hengdao a total of RMB120 million in relation to such services, which has been fully paid by us.

On September 25, 2010, we entered into a novation agreement with Nanlian and the Resident Committee in relation to Shenzhen New City Plaza (in respect to their agreement with Ai Li Cheng) pursuant to which they confirmed that we would be the sole redeveloper of the project. Pursuant to

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the agreement, we are responsible for funding the redevelopment of Shenzhen New City Plaza, compensating relocated residents, property development and construction and project operation and management. Amongst other things, Nanlian and the Resident Committee agreed to demolish the existing structures and obtain, or assist us in obtaining, the requisite approvals from governmental authorities in relation to the project. Pursuant to that agreement, we agreed to pay RMB30 million to Nanlian as compensation for demolition services, of which we had paid RMB10 million as at the Latest Practicable Date.

In October 2010, we entered into a non-binding letter of intent with Rainbow contemplating Rainbow's potential cooperation with us to construct a shopping center in Shenzhen New City Plaza.

On November 2, 2010, we obtained a shareholder resolution from Nanlian confirming our role as the sole redeveloper of the project. Nanlian is the sole joint stock company with respect to Shenzhen New City Plaza and the only one from which we are required to obtain such a resolution.

### *Project Overview*

Our current plans call for Shenzhen New City Plaza to be a large-scale urban mixed-use community with significant residential and retail space. Shenzhen New City Plaza has a site area of approximately 220,000 sq.m. and a total planned GFA of approximately 1,056,000 sq.m.

Based on our internal estimates, records and current project plans as at December 31, 2010, details of Shenzhen New City Plaza were as follows:

Construction period	
— Planned date of commencement . . . . .	January 2012
— Planned date of completion . . . . .	December 2015
Development costs incurred (RMB'000) . . . . .	—
Estimated further development costs to be incurred (RMB'000) . . . . .	3,609,560
Total planned GFA (sq.m.) . . . . .	1,056,000
Total planned saleable/leasable GFA (sq.m.) . . . . .	770,400
Aggregate GFA (sq.m.) . . . . .	770,400

### *Remaining Steps to Acquire the Land Use Rights to the Project*

As advised by our PRC legal adviser, we must complete the following principal steps, amongst other steps, in order to obtain the land use rights for the Shenzhen New City Plaza project:

- Obtain confirmation from 深圳市人民政府 (the People's Government of Shenzhen City\*) (the "Shenzhen Government") that the project has been listed in 深圳市城市更新年度計劃 (the Shenzhen Government's Annual Urban Redevelopment Plan\*) (the "Shenzhen Government's Annual Urban Redevelopment Plan");
- Obtain confirmation of our redevelopment plans from 深圳市規劃和國土資源委員會 (Shenzhen Urban Planning, Land and Resources Commission\*) (the "SZPL");

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- Sign relocation agreements with all of the original residents of the redeveloped property (exclusive of the consents we have already obtained via assignment from Ai Li Cheng) and obtain the relevant demolition permits;
- Obtain confirmation from 深圳市龍崗區人民政府 (the People's Government of Shenzhen Longgang District\*) that we are the only urban redeveloper for the project;
- Obtain the construction and land planning permits; and
- Sign the land use right grant contract with the SZPL, pay land grant fees (as at the Latest Practicable Date, we had not paid any land grant fees in relation to the Longgang project) and obtain the land use right certificates.

There can be no assurance that we will be successful in completing these steps. For more information on the risks relating to Shenzhen New City Plaza, please see the section headed “Risk Factors — Risks Relating to our Business — We face risks relating to our urban redevelopment project” in this prospectus.

As we have not entered into any land grant contract in respect of Shenzhen New City Plaza, our PRC legal adviser has advised us that laws and regulations regarding the idle land do not apply.

### *Urban Redevelopment*

Urban redevelopment typically involves the resettlement of residents, the demolition of existing structures and the construction of new infrastructure and buildings. Our PRC legal adviser has advised us that the determination and implementation of urban redevelopment policies and practices in the PRC are left to local governments.

Shenzhen New City Plaza is an urban redevelopment project and is governed by local rules and regulations relating to urban redevelopment. The relevant local rules and regulations outline the process by which urban redevelopers can obtain the land use rights to the projects they redevelop. Amongst these, the Shenzhen Government issued 《深圳市城中村(舊村)改造暫行規定》 (the Shenzhen City Provisional Rules for Urban Village Redevelopment\*) allowing joint stock companies of urban villages to cooperate with private organizations in relation to the redevelopment of such villages. Additionally, the Shenzhen Government issued 《深圳市城市更新辦法》 (the Shenzhen City Rules for Urban Redevelopment\*) on October 22, 2009 which, amongst other things, specifies that:

- (1) the joint stock companies of urban villages must approve the redevelopment of such urban villages by shareholder resolution;
- (2) urban redevelopers must, upon obtaining the relevant project planning permits, enter into a land grant contract with the SZPL;
- (3) urban redevelopers are not required to pay land premium for any portion of the land use ratio of redeveloped property below 2.5 and that for any portion of the land use ratio of redeveloped property between 2.5 and 4.5 the land premium is reduced by 80%; and

(4) large-scale urban redevelopment projects may be implemented in different phases.

Further, on March 23, 2010, the SZPL issued 《關於試行拆除重建類城市更新項目操作基本程式的通知》 (the Notice on Basic Operational Procedures for Urban Redevelopment Projects Involving Demolition and Reconstruction\*), which specifies that:

- (1) urban redevelopment projects must be approved in the Shenzhen Government's Annual Urban Redevelopment Plan;
- (2) the SZPL must verify the title of the land's original owners before approving urban redevelopment plans;
- (3) urban redevelopment plans must be approved by the SZPL;
- (4) in order to obtain a demolition permit from the SZPL, urban redevelopers must obtain consent to relocation from (i) 80% of the original residents of the redevelopment property; and (ii) residents of the redevelopment property holding rights to 80% of the site area;
- (5) after obtaining consent to relocation from all of the original residents of the land to be redeveloped and a 15-day public notice period, the urban redeveloper can apply for confirmation from the district government that such urban redeveloper is the designated redeveloper of the project;
- (6) redevelopers must apply for deregistration of all title certificates in relation to the land to be redeveloped, have the construction plans approved and obtain construction and land planning permits; and
- (7) redevelopers must apply to enter into the land grant contract with the SZPL (redevelopers can only make such an application once the foregoing steps are completed, including the relocation of all of the original residents and the completion of the demolition work).

### **13. Tianjin Le Leman City — 天津萊蒙城**

Tianjin Le Leman City is held by an associate of our Company, 天津海吉星農產品物流有限公司 (Tianjin Hai Ji Xing Agricultural Products and Logistics Co., Ltd\*) (the "Tianjin Jinghai Project Joint Venture Company") in which we have a 40% attributable interest. We had not entered into a land grant contract or obtained any land use rights in relation to the project as at the Latest Practicable Date.

#### *Business Development*

On March 30, 2010, through our wholly-owned subsidiary Tai Sheng, we entered into a cooperation agreement with 天津市靜海縣人民政府 (Tianjin City Jinghai County Government\*) (the "Jinghai Government") and Independent Third Parties, 漢吉斯(天津)建設投資有限公司 (Han Ji Si (Tianjin) Construction Investment Co., Ltd\*) ("Han Ji Si"), 深圳市農產品股份有限公司 (Shenzhen Agricultural Product Co., Ltd\*) ("AP Company"), 深圳市祥恒昶貿易有限公司 (Shenzhen Xiang Heng Chang Trade Co., Ltd\*) ("Xiang Heng Chang") and 深圳市臻康貿易有限公司 (Shenzhen

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Zhen Kang Trade Co., Ltd\*) (“Zhen Kang”) in relation to Tianjin Le Leman City. Tianjin Le Leman City consists of 7,600 mu (approximately 5,066,692 sq.m.). Pursuant to the agreement, we are to develop 6,000 mu (approximately 4,000,020 sq.m.) of Tianjin Le Leman City with AP Company, Xiang Heng Chang and Zhen Kang for warehousing and logistics facilities and the remaining 1,600 mu (approximately 1,066,672 sq.m.) of the land is to be developed by other parties, including Han Ji Si. The land was originally being used as farm land. The agreement specifies, amongst other things, that the developers are required to pay the land premium and to compensate the former farmers of the project land for the original attachments to the land (however, any compensation paid by the developers to the farmers is to be refunded to the developers if they are successful in the listing-for-bidding processes for the land). A shareholder of Tianjin Jinghai Project Joint Venture Company paid approximately RMB255 million to the Jinghai Government in April 2010 as the compensation due to the farmers (this amount is to be refunded if we are successful in the listing-for-bidding processes for the land).

For the purpose of the development of Tianjin Le Leman City, we entered into a joint venture contract through Tai Sheng with AP Company, Xiang Heng Chang, Zhen Kang and 華銳資產管理有限責任公司 (Hua Rui Assets Management Co., Ltd\*) (“Hua Rui”) to establish Tianjin Jinghai Project Joint Venture Company on June 1, 2010. Pursuant to that agreement, we hold a 40% equity interest in Tianjin Jinghai Project Joint Venture Company. AP Company, Xiang Heng Chang, Zhen Kang and Hua Rui hold 42%, 10%, 5% and 3%, respectively. As at the Latest Practicable Date, we have contributed RMB56 million as the registered capital. We are required to pay an additional RMB64 million by September 30, 2011. Pursuant to the joint venture contract, we are responsible for developing 2,000 mu (approximately 1,333,340 sq.m.) of the 6,000 mu (approximately 4,000,020 sq.m.) into residential and commercial properties.

In January 2011, Tianjin Jinghai Project Joint Venture Company was successful in the listing-for-bidding processes and acquired four parcels of land constituting approximately 307,413 sq.m. at a total consideration of RMB93.2 million which had not been paid as of the Latest Practicable Date. We subsequently entered into a land grant contract with the relevant government authority for one of the four parcels, with a site area of 30,399.8 sq.m. and the consideration for which is RMB36.5 million. We had not obtained the land use rights certificates for the four parcels or any other parcel of land in Tianjin Le Leman City as of the Latest Practicable Date and had not entered into any other land grant contracts. We will not obtain the land use rights for the parcels of land in Tianjin Le Leman City unless we are successful in the listing-for-bidding processes, subsequently enter into land grant contracts with the relevant land bureau and pay the land premiums and deed taxes in full in respect to each of them. The amount of land premium we will be required to pay will depend on the final price determined in the listing-for-bidding process, which has not yet been determined. There can be no assurance that we will be successful in obtaining the land use right certificates for the parcels of land in Tianjin Le Leman City, for further details of the risks involved, please see the section headed “Risk Factors — Risks Relating to our Business — 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 this prospectus.

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### *Project Overview*

Based on our internal estimates, records and current project plans as at December 31, 2010, details of our Tianjin Le Leman City were as follows:

Tianjin Le Leman City is expected to comprise logistics and warehousing facilities as well as residential and commercial properties.

Construction period	
— Planned date of commencement . . . . .	December 2011
— Planned date of completion . . . . .	December 2016
Development costs incurred (RMB'000) . . . . .	—
Estimated further development costs (RMB'000) . . . . .	—
Total planned GFA (sq.m.) . . . . .	N/A
Total planned saleable/leasable GFA (sq.m.) . . . . .	N/A
Aggregate GFA (sq.m.) . . . . .	N/A

### **INVESTMENT PROPERTIES**

In addition to the sale of residential properties developed by us, we also lease out or expect to lease out the retail units in Changzhou Landmark, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden and Chengdu Landmark<sup>1</sup>. As at December 31, 2010, the retail units which we held for the purpose of leasing to third parties had an Aggregate GFA of 165,937 sq.m. Changzhou Holiday Inn has not been accounted for as an investment property of our Group during the Track Record Period. Under HKFRS, if a company is subject to significant exposure to the fluctuation of cash flow generated from the operation of a hotel, the hotel would not be accounted for as an investment property of the company. Since our Company is subject to fluctuations in cash flow generated by the operations of Changzhou Holiday Inn, the hotel has not been included as an investment property of our Company. For details of the description of Changzhou Holiday Inn, please see the paragraph headed “— Our Property Projects — Description of our Projects — 6. Changzhou Le Leman City — Phase 11 — Changzhou Holiday Inn — 常州武進假日酒店” in this section.

In leasing our retail units, we seek to maintain long-term relationships with our Anchor Tenants and to maintain a balance in the composition of our tenants. Our retail leases for smaller tenants are generally for terms from 12 to 24 months with annual rent reviews indexed to the consumer price index or at fixed percentage increases. Typically, we require security deposits from our tenants of two to three months' rent.

The rents for our retail units are generally determined according to prevailing market rates. The majority of our leases contain annual rental review provisions. Our tenants are generally charged a monthly property management fee, which is calculated on the basis of the floor area of the retail units and which is payable to the property management company.

Note:

<sup>1</sup> Chengdu Landmark is expected to be completed in June 2013.



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Pursuant to our lease arrangements, if our tenants terminate their leases without cause before the expiration of the lease term, we are entitled to retain the security deposit and the tenant is also liable to pay us a default penalty. In addition, we are also entitled to contractual remedies for any loss and damages suffered. We regularly monitor our tenants' rental payments and carry out site inspections of our retail units leased to tenants. To safeguard our interest in maintaining our income from the rental of our retail units, we may elect not to renew the leases of tenants whose performance fails to meet our expectations.

For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, our rental income net of business tax was HK\$13.2 million, HK\$40.9 million, HK\$59.8 million, HK\$39.5 million and HK\$62.0 million, respectively. Our increase in fair value of investment properties for the same periods was HK\$50.1 million, HK\$152.9 million, HK\$180.0 million, HK\$174.3 million and HK\$22.6 million, respectively.

We believe that revenues from these projects help reduce our exposure to fluctuations in property sales and prices. Some of our retail shop units and car park spaces are, or are expected to be, located in large, urban mixed-use communities. We may choose to sell these projects when we believe that the sales would generate a better return on investment. The following table sets forth the details of our investment projects as at September 30, 2010, all of which are completed projects (except for Chengdu Landmark, which is expected to be completed by June 2013):

<u>Projects</u>	<u>Location</u>	<u>Total Leasable GFA</u> (sq.m.)	<u>Occupancy Rate</u>
Changzhou Landmark (Phase 1) . . . . .	Zhong Lou District, Changzhou	46,627	99%
Changzhou Landmark (Phase 2) . . . . .	Zhong Lou District, Changzhou	30,954	100%
Dongguan Landmark . . . . .	Nancheng District, Dongguan	20,172	100%
Hangzhou Landmark . . . . .	Yuhang District, Hangzhou	24,667	100%
Shenzhen Water Flower Garden	Futian District, Shenzhen	4,992	100%
Chengdu Landmark . . . . .	Wuhou District, Chengdu	38,525	N/A

As at December 31, 2010, the GFA taken up by our Anchor Tenants made up 37% of our total leasable area in our investment properties.

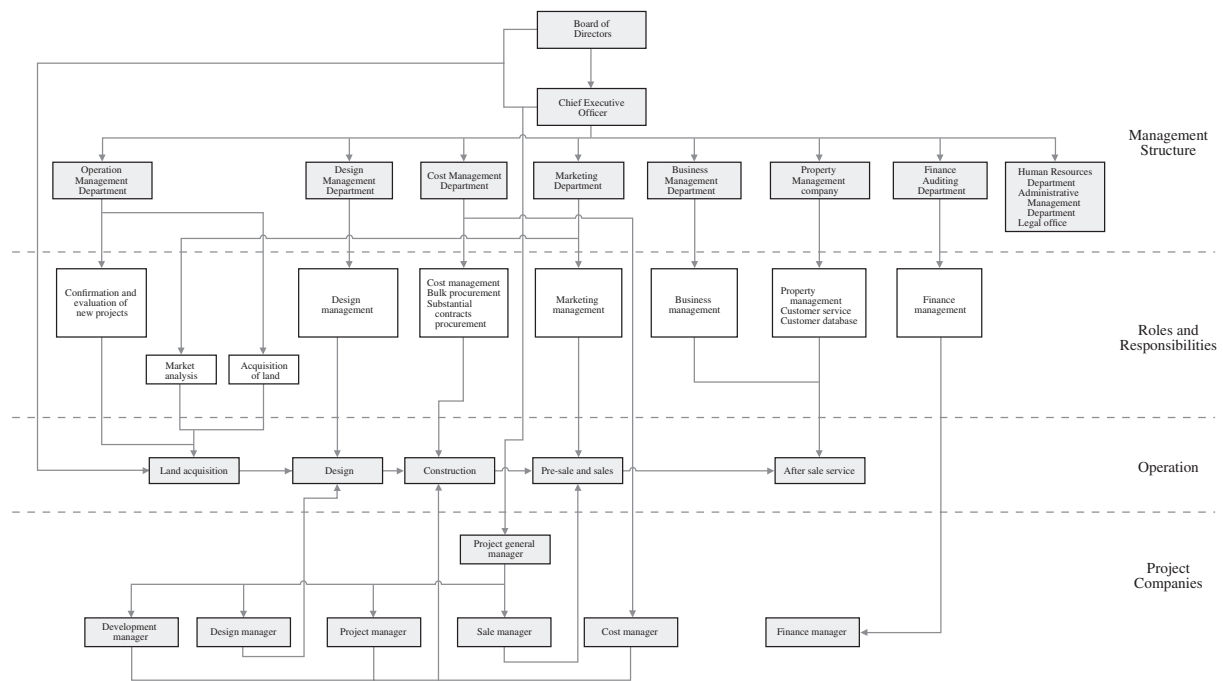
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## OUR PROPERTY DEVELOPMENT PROCESS

Our Company specializes in the development and operation of urban communities and the development and sale of upscale residential properties in the Yangtze River Delta and Pearl River Delta regions.

### *Project Management*

Our Company carries out land acquisition, planning, project design, construction, sales and marketing, after-sale services and other development activities. Our Company's management is responsible for the coordination and supervision of projects. A project is first reviewed by various departments within our Company and then implemented by the relevant project company. Our Company retains overall control, the project company is responsible for the day-to-day running of the project. Functionally, all departments (except for the finance manager and the cost manager) of the project company report directly to the general manager of that company who in turn reports directly to our chief executive officer. The finance manager and the cost manager of the project company report directly to the finance auditing department and cost management department of our Group, respectively.



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### *Project Development Process*

Although the nature and sequence of specific planning and execution activities will vary among projects and may be subject to the requirements of local laws and regulation, we have summarized below the core elements of our typical project development process for our residential and retail properties for sale.

<b>Project Selection</b>	<b>Land Acquisition</b>	<b>Pre-construction</b>	<b>Project Design</b>	<b>Construction</b>	<b>Pre-sale and Sales</b>	<b>After-sale Services</b>	<b>Commercial Operation</b>
Gather and analyze new project information (including land and projects under development)	Arrange for bidding/ tendering or contract negotiations	Obtain resettlement of the existing residents, as necessary	Invite third parties to bid for/tender for design planning, including, schematic design, construction design, mechanical and electrical design, interior design	Invite third parties to bid for/tender for the construction works	Engage in marketing and promotion	Appoint property management company	Complete commercial research on the project development and propose commercial position and commercial planning
Conduct preliminary examination and registration of the project (subject to our strategic planning)	Receive the notice of successful bid/tender or sign the contract	Obtain construction land planning permit		Monitor construction progress	Obtain pre-sale permit	Register and apply for unit ownership certificate	Participate in construction planning design and incorporate the commercial planning into construction planning
Review and approve project proposals (including preliminary market research and design analysis)	Sign land grant contract or share equity transfer contract with company concerning the acquisition of the land	Obtain construction work planning permit		Perform quality inspection	Sign, notarize and register pre-sale contract and mortgage	Gather and process customer feedback	Attract investments in accordance with commercial planning; conduct partial adjustments to the construction planning according to the requirement of the contracted tenants
Perform a feasibility study (including detailed market research, design analysis, forensic research, investment budgeting, financial analysis and environmental protection assessment)	Pay land premium	Obtain construction commencement permit		Maintain cost control	Obtain completion and acceptance certificate	Perform customer information analysis	When tenants move in, formulate business operation plan, and carry out operation management under the plan
Submit feasibility study report to the office of the chief executive officer for approval	Obtain land use right certificate or acquire the share equity of the company with the land use right; obtain all requisite permits and approvals from the government; and relocate existing residents (as appropriate)	Obtain other relevant government approvals		Organize completion inspection for the project	Obtain delivery certificate (where applicable)	Organize regular customer visits and activities	Regularly gather requests from tenants and customers, and make adjustments to business mode, tenants portfolio and operation accordingly

## **Project Selection**

We generally follow these steps in selecting or developing a new project:

- gather and analyze new project information (including land and projects under development) based on strategic region development;
- preliminary examination and registration of the project (subject to our strategic planning);
- review and approve project proposals (including preliminary market research and design analysis);
- perform a feasibility study (including detailed market research, design analysis, forensic research, investment budgeting, financial analysis and environmental protection assessment); and
- submit feasibility study report to the office of the chief executive officer for approval.

Based on our strategic planning and taking into account the market conditions, our Company will identify and evaluate land with potential and companies holding land or having projects under development. We believe that the ability to identify such sites and companies is essential to the success of a real estate development company. Prior to the development of a piece of land, our Company conducts market research and analysis to identify the development trends in the area. We continue to monitor the property markets in the Pearl River Delta and the Yangtze River Delta regions, Beijing, Tianjin and other emerging cities to identify new opportunities for property developments. During the process of evaluation, our operations planning department works closely with our design and marketing team as well as with external consultants to thoroughly analyze the target site and to evaluate its potential for development. We make the decision to invest based upon our analysis of, among other things:

- the strategic planning of our Company;
- the location, size, shape, planned use and position in the region of the project;
- infrastructure and ancillary facilities;
- regional planning;
- local policies on real estate development, future land supply and long-term and short-term development plans for the area and surrounding areas;
- local regulations and policies affecting the economy and the technological infrastructure of the region;
- economy development prospects and the local population and its purchasing power;
- the estimated time for construction and completion of the project and costs of relocations (as appropriate); and
- competitors and the market.

Once we have decided on the acquisition of either a piece of land or a company with either land or a project under development, we prepare a feasibility study report for approval by our Board of Directors. We cooperate with and provide opinions to the relevant local governments throughout the project development process in order to develop the land in a way that is compatible with the general urban planning of the city.

### **Land Acquisition**

Our Company generally acquires land through the acquisition of land use rights by participating in public tenders, auctions or listings-for-bidding. In accordance with the Provisions on Bidding, Auction and Sale of Land Use Rights (《招標拍賣掛牌出讓國有土地使用權規定》), promulgated on May 9, 2002 and effective since July 1, 2002, all land planned for commercial development (such as retail, tourism, entertainment, and commercial property) must be transferred in one of the following ways: public tenders, auctions or listings-for-bidding on the land exchanges.

Another method we use to acquire land is through the acquisition of equity interests in companies that hold land use rights. This increases our land bank and helps us maintain a sustainable land supply in accordance with the development strategy of our Company. Based on current development and growth targets, we expect to maintain a sufficient land bank over the next three years.

We generally follow these steps in acquiring land:

- arrange for bidding/tendering or contract negotiations for land;
- wait for notice of our successful bid/tender;
- sign land grant contract or share equity transfer contract with company concerning acquisition of the land;
- pay land premium;
- obtain land use right certificate or acquire equity in the company with land use right;
- obtain all requisite permits and approvals from the government; and
- relocate existing residents (as appropriate).

### **Pre-construction**

We begin the process by obtaining the necessary permits and certificates prior to the commencement of construction and following the grant of the development rights to a parcel of land. A property developer is only permitted to commence construction of a property development upon obtaining the construction land planning permit, the construction project planning permit and the construction permit (which will only be issued after the land use right certificate, the construction land planning permit and the construction work planning permit are obtained). Details of these certificates and permits are set out below:

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

As at the Latest Practicable Date, save for Shenzhen New City Plaza, Tianjin Le Leman City, Taihu Hidden Valley (Phases 2 and 3) and The Spring Land (Phases 4 and 5), we had obtained land use right certificates for all of our property development projects which have been completed, are under development, are held for future development or are contracted to be acquired. In addition, for all of our projects currently under development, we had obtained all relevant certificates and permits prior to the commencement of construction as required under PRC laws and regulations.

### ***Project Financing***

We finance our projects primarily through capital contributions from our Shareholders, bank loans and internal cash flows, including proceeds from the pre-sale of our properties. According to guidelines issued by CBRC, no loans may be granted to projects which have not obtained the relevant land use right certificate, construction land planning permit, construction work planning permit and construction commencement permit. These guidelines also stipulate that not less than 35% of the total investment in a property development project must come from a property developer's own capital in order for banks to be able to extend loans to the property developer.

Our Company uses proceeds from the pre-sale of our properties to fund part of the construction costs of the relevant projects and to settle the bank loans for projects sold at the pre-sale stage. Proceeds from the pre-sale form the integral source of operating cash inflows during our project development. According to the laws of the PRC, our Company may pre-sell properties under construction after certain criteria are met and proceeds from the pre-sales must be used for the construction of such properties. Our policy is to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required.

Our ability to obtain financing for our projects also depends on the various economic measures introduced by the central and local governments, which are intended to stabilize the property market in China. From 2006 to September 2010, the PRC government implemented a number of economic adjustment measures to prevent the PRC economy from overheating. Among these measures were policy initiatives issued by the PRC government on May 24, 2006 to use taxation, bank credit and land policies to regulate housing demand. During that period, the PBOC has also announced several increases in the reserve ratio of commercial banks since June 2006 as a result of which the reserve ratio increased from 7.5% to 8% on July 5, 2006, from 8% to 8.5% on August 15, 2006, from 8.5% to 9% on November 15, 2006, from 9% to 9.5% on January 15, 2007, from 9.5% to 10% on February 25, 2007, from 10% to 10.5% on April 16, 2007, from 10.5% to 11% on May 15, 2007, from 11% to 11.5% on June 5, 2007, from 11.5% to 12% on August 15, 2007, from 12% to 12.5% on September 25, 2007, from 12.5% to 13.0% on October 25, 2007, from 13.0% to 13.5% on November 26, 2007. On December 25, 2007, the PBOC announced a further increase of the reserve ratio from 13.5% to 14.5%. The reserve ratio was further increased to 17.5%, effective on June 25, 2008, which was the historical high for the past 30 years. The reserve ratio went down to 16.5% in September 2008 and to 15.5% in December 2008, reflecting the PRC government's policy to stimulate economic growth during the global economic downturn. The reserve ratio was increased to 16% in January 2010, to 16.5% in February 2010, to 17% in May 2010, to 18% in November 2010, to 18.5% in December 2010, to 19% in January 2011 and 19.5% in February 2011. The reserve ratio refers to the amount that banks must set aside when they engage in lending. Any decisions to raise the reserve ratio by the PBOC will limit the amount available to commercial banks for lending and our ability to obtain financing from commercial banks may be adversely affected.

### **Project Design**

Through our Company's mission of "Quality property is a gateway to quality living" (品質建築，品位生活), we emphasize quality in all of our designs. From planning to construction to landscaping, we pay close attention to detail through our innovative design process in order to deliver a premium living environment to our customers.

Our Company has a dedicated, experienced and professional team of designers. We have three Class 1 registered architects and over 20 professional technicians with medium to high level qualifications. Many of our design managers possess practical experience from leading domestic property companies and extensive international experience. More importantly, our design team understands our Company's culture of quality excellence. Through all stages, each of our designers devote their full efforts to creating high quality designs which has resulted in our developing numerous high quality project developments, such as Shenzhen Water Flower Garden and Shenzhen Hidden Valley. Our Group's designs exert extensive influence in the real estate industry.

Our management also applies a philosophy of "system, process, standard" to ensure the quality of our designs. We believe that we are a leader in landscape and construction standardization in the industry.

Our Company selects independent third party designers through a process involving multiple interviews. Selected designers are highly reputable and known for their great innovation in both the domestic and overseas markets. Their collaboration is integral to the completion of our Group's high-quality projects.

The following is a list of various types of designers employed by us:

- architectural designers;

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- villa designers;
- residential designers;
- club house and outdoor landscape designers;
- club house interior designers;
- construction planning designers; and
- conceptual planning designers.

### Construction

All of our projects are constructed by qualified independent contractors. As a foreign company, we are exempt from selecting contractors through public bidding invitations or submissions organized by relevant authorities. We select different contractors and sub-contractors based on their design drawings and the category of the projects upon which they have worked. We develop different types of projects in stages or phases. In addition, we have established various management mechanisms and systems to control the quality, progress and cost of all of our projects in an efficient manner.

We organize bid invitations and submissions in compliance with the laws, regulations and procedures of the Bid Invitation and Submission Law of the People's Republic of China (《中華人民共和國招標投標法》), the Construction Law of the People's Republic of China (《中華人民共和國建築法》), the Standards for the Scope and Size of Construction Projects Requiring Invitation of Bids Provisions (《工程建設項目招標範圍和規模標準規定》), as well as our internal bidding requirements. For some projects, contractors are selected through a public bidding process and are reviewed by the bidding committee set up by each of the project companies (the "Committee on Bid Invitation and Submission"), while for projects with an estimated bid price of RMB200,000 or more, a bid invitation is necessary. For projects with an estimated contractual amount of more than RMB5 million going to the project company, at least five contractors are required to participate in the bidding process. All the bidding documents and a list of short-listed contractors are submitted to the cost management department of our Group for record keeping.

As at Latest Practicable Date, we had selected our contractors and sub-contractors in accordance with relevant laws and regulations as well as our own internal requirements. Our Group has adopted, and strictly adhered to, the following procedures:

- the project companies together form a Committee on Bid Invitation and Submission;
- reliable contractors with good track records in the industry and with sound financial conditions as well as with sizable project management teams are selected. Their qualifications are reviewed and on-site inspections are conducted to evaluate the contractor candidate;
- the Committee on Bid Invitation and Submission selects a shortlist of contractors;
- a bid notice is issued to the short-listed candidate contractors;



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- prior to sending the bid notice, the project company prepares the bid invitation documents and obtains approval from the head of each project company; and
- upon receiving the bidding documents from the candidate contractors, the Committee on the Bid Invitation and Submission reviews the documents and selects the bid-winning contractor.

According to the Temporary Measures for Settlement of Construction Fees (《建設工程價款結算暫行辦法》), prepayment in the amount of 10% to 30% of the contract sum is payable to contractors within one month of the date of the effectiveness of the construction contract or not later than seven days prior to the date of the commencement of the construction work and monthly payments must be made during the period of construction. The total amount payable during the period of construction must not be less than 60% but must not be more than 90% of the construction price. The remaining balance is only payable upon the satisfactory completion of work on the settlement date, with approximately 5% of the contract price being withheld to cover any expenses incurred in connection with correcting problems with the quality of the construction work during the warranty period.

For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, we paid approximately HK\$1,761.1 million, HK\$2,159.1 million, HK\$2,183.5 million, HK\$2,031.5 million and HK\$1,795.2 million respectively, to our contractors.

### *Construction Management and Quality Control*

Our Group employs a team of over 100 qualified engineers with national technical titles. Our headquarters has a specialized department for management and each project company also has a corresponding department to carry out duties, which include quality control, progress and safety supervision, and engaging third party supervisory teams to implement national standards and supervisory regulations pursuant to the laws and regulations of the PRC. We place a strong emphasis on quality and our Group's construction management team conducts inspections, appraisals and reviews on a monthly and seasonal basis of the progress of each project. Each project company monitors its on-site progress on a daily basis. The supervisory teams of the project companies conduct inspection and acceptance procedures on every detail of their projects. All project managers and the project companies are required to comply with such procedures to guarantee our construction quality and the progress of our projects.

Each project company has its own project management team made up of qualified engineers headed by the vice president of the company. This team conducts examinations, supervision and acceptance inspections, supervises the construction of sub-projects by the general team or the sub-contracted teams and oversees the supervisory division to ensure strict inspection of the work on each sub-project. Large-scale construction is not allowed to commence until a sample has been completed by the contractor and inspected by us, professional personnel of the project company and the supervisory firm. During the construction process, our management teams conduct on-site inspections of all construction materials, quality, progress and work safety, make corrections in a timely manner in respect to unacceptable construction materials, quality and safety equipment, and give timely delays in updates on progress to ensure the practicability of construction management.

All materials purchased for our projects, whether supplied by us or sourced from our materials and equipment contractors, are subject to strict inspection and acceptance procedures by our professional construction personnel and personnel from the supervisory company. Construction materials and fittings

supplied by our contractors, such as cement, steel doors and windows, are sent to qualified firms for inspection as well as being reviewed in initial on-site inspections. We make sure all of the materials that we use comply with relevant standards of quality and contractual requirements before accepting them or making payments for delivery. Materials that do not meet our quality standards are not used in our projects and are returned to suppliers. We adopt a strategic purchase method for some of the large equipment purchased for our projects, such as elevators and air-conditioners, to reduce costs while ensuring product quality and thereby improving our construction management efficiency.

During the Track Record Period, we had not received any complaints from our customers on the quality of our properties which led to claims against us and which required us to pay any compensation to our customers in relation thereto.

### **Pre-sales and Sales**

We commence the pre-sale of units in a project or those in a phase of a project prior to the project or phase's completion. According to the Law of the People's Republic of China on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) and the Measures for Administration of Pre-Completion Sale of Urban Commodity Housing (《城市商品房預售管理辦法》) as revised in 2001 and 2004, we may commence the pre-sale of a particular property, provided that:

- the land premium has been paid in full and the land use right certificate has been obtained;
- the construction work planning permit and construction commencement permit have been obtained;
- the funds contributed to the project development amount to at least 25% of the total amount to be invested in the project and the project development schedule and the expected date of completion of the project for use have been determined; and
- the relevant pre-sale approval has been obtained from the local authority.

Under our pre-sale contracts, our customers can choose between payment by installments, a lump sum payment or by mortgage payment. During the Track Record Period, we have not pre-sold any of our properties under payment by installment arrangements. Where a customer elects to pay by mortgage payment, the customer is required to pay a portion of the purchase price in the form of a cash payment, which is normally 20% to 30% of the total purchase price, and the remaining amount is settled through proceeds from the relevant mortgage. Where a purchaser defaults by not making timely payment on the mortgage within the 30 days following the date that the payment is due under the pre-sale contract, such purchaser is normally obligated to pay liquidated damages in an amount equal to 0.00003% of the outstanding balance of the total contract amount per day and, if the purchaser fails to make the relevant payment after 30 days, our Company is entitled to terminate the pre-sale contract and claim 5% of the outstanding balance of the total contract amount as liquidated damages. In addition, until the total purchase amount under the pre-sale contract is paid in full by the purchaser, our Company is not obligated to deliver the property under the pre-sale contract.

During the Track Record Period, there occurred three incidents of cancelled sales in the year ended December 31, 2009 of a total sales amount of HK\$40.4 million and two incidents of cancelled sales of a total sales amount of HK\$1.8 million for the nine months ended September 30, 2010. The total cancelled sales represented only 1.3 % and 1.2% of the total turnover of our Group for the year ended December 31,

## BUSINESS

2009 and the nine months ended September 30, 2010, respectively. Due to the nature of a cancelled sale, the deposit made by the buyer will be forfeited, and we can resell the relevant property to other buyers. As a result, the cancelled sales experienced by our Group have not had an adverse impact on our Group's financial performance. There were no major returns of properties sold or pre-sold from the commencement of the Track Record Period to the Latest Practicable Date that had a material adverse impact on the financial or operating positions of our Group.

We comply with the relevant governmental regulations in respect of the use of pre-sales proceeds in all material respects. Based on the local regulations on the supervision of pre-sale proceeds, the proceeds from the pre-sales of our properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, the money deposited in these escrow accounts may only be used to purchase construction materials and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. Please see the section headed "Summary of Principal PRC Legal and Regulatory Provisions — Sales/Pre-Sales of Commodity Buildings" in Appendix VI to this prospectus for further information on regulations related to the pre-sales. As at the Latest Practicable Date, we were in compliance, in all material respects, with the relevant laws and regulations applicable to the pre-sale of properties in the PRC.

### *Sales and Marketing*

In the past, we sold our property developments exclusively through an in-house sales team. After recognizing the better sales resources and networks of real estate agents, we began to outsource a portion of our sales to real estate agents. In selecting real estate agents, we carefully consider the agent's historical performance, sales network quality, customer resources and reputation. Where we find that the sales agent meets our criteria, we enter into a sales agent agreement with the selected real estate agent on a project-by-project basis. In April 2008, we entered into a sales agency agreement with Centaline Property Agency (Shenzhen) Limited for the sale of units in Shenzhen Water Flower. Both our in-house sales team and the sales team of Centaline Property Agency (Shenzhen) Limited are responsible for selling units in Shenzhen Water Flower. The sales agency agreement has a term of 15 months commencing on the date that initial public sales commence and is automatically renewable up to the completion of the sale of all of the properties in the project. According to this agreement, we are responsible for providing necessary facilities to the sales team and the real estate agents are responsible for on-site sales personnel training and management as well as formulating the sales management rules. We are entitled to use these agents' marketing networks and facilities to promote our projects for free. The agents are paid commissions of a certain percentage of their total sales, in accordance with market practice.

Our Group has a dedicated sales and marketing team of 55 employees in addition to its cooperation arrangements with external professional marketing and sales service providers to support our marketing activities. Our marketing and sales center is responsible for formulating our marketing and sales strategies and managing the overall sales process. Each of our project companies have also established their own marketing and sales department to implement the marketing and sales strategies laid down by our marketing and sales center. The marketing and sales strategy varies from project to project and depends on a wide range of factors, including market conditions, our cash position, size, the phase and location of the project, timing for sales and targeted customer group. Our marketing and sales center sets the sale price for each unit within a particular project based on the recommendation by the relevant project company, taking into account the marketing and sales strategies adopted for such project.

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Our marketing department is involved in the project development from an early stage to ensure that input is provided at key stages. When a potential project site is identified by the operation management department, the marketing department commences a survey to research the land. During the land acquisition process, the marketing department provides opinions on planning and design and assists in the planning and design work. During the construction process, the marketing department ensures that the products (including fittings) and decoration plans correspond with those requested by our customers. Our marketing personnel are responsible for providing personalized assistance to our customers throughout the buying process, and assisting our customers in liaising with different departments responsible for project development and management.

In order to promote our brands, our Group also undertakes both direct and indirect marketing efforts such as advertising, participating in real estate exhibitions and through a customer membership program called “Top Spring Club” (萊蒙會), which was established in 2006. Our members include purchasers of our properties and those individuals who wish to enjoy the promotions and benefits of our membership program. Our members are entitled to promotional offers and discounts at selected retail stores, free subscriptions to our bi-monthly “Top Spring Magazine” and they are also invited to attend home purchase related seminars organized by us. As at December 31, 2010, we had over 2,000 members in the Top Spring Club. We believe that the Top Spring Club allows us to maintain a relationship with established and potential customers, evaluate customer satisfaction and keep abreast of their preferences.

### *Payment and End-user Financing*

Our customers can choose between payment by installments, a lump sum payment or by mortgage payment. During the Track Record Period, we have not pre-sold or sold any of our properties under a payment by installment arrangement. Where a customer elects to pay by mortgage payment, such customer is required to pay a portion of the purchase price in a cash payment, which is normally 20% to 30% of the total purchase price, and the remaining amount is settled through proceeds from the relevant mortgage. In line with market practice, we have arrangements with various banks for the provision of mortgage facilities to our customers and we provide guarantees for the mortgages until construction has been completed and the relevant property ownership certificates are submitted to the relevant bank.

In line with market practice, we do not conduct independent credit checks on our customers but relying on the credit checks conducted by the relevant bank. During the Track Record Period and up to the Latest Practicable Date, we had encountered one incident of default by a purchaser for which we paid to the relevant bank an amount of RMB113,109. Except for this one incident, we had not experienced any other purchaser defaults on mortgage loans that we guaranteed that had a significant impact on our Group.

Please see the section headed “Risk Factors — Risks Relating to Our Business — 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” in this prospectus. Our Directors confirm that there were no material disputes between our Group and the mortgagee banks during the Track Record Period.

### ***Delivery of Properties***

We are committed to delivering units in a timely manner, according to the delivery timetables set out in our sales contracts with our customers. To facilitate timely delivery, we closely monitor the construction process and conduct inspections on the property prior to delivery. Upon service of the delivery notice by our customer service officer, our sales and engineering staff, in cooperation with the staff of the project management company, inspect the property.

In relation to our properties for sale, after construction has been completed, we are required to obtain a 竣工驗收證明 (completion and acceptance certificate\*) from the relevant local governments before we are able to hand over the properties to our customers. Pursuant to a typical pre-sale agreement, if we fail to deliver the property on the delivery date stipulated in the pre-sale agreement, we are, depending on the length of delay, liable to pay a monetary penalty ranging from 0.00003% to 5.0% of the paid amount of the property purchase price on a daily basis until the delivery of the property is completed. If our delay exceeds a certain number of days, which, depending on the particular contract, ranges from 30 to 180 days, the relevant purchaser may have the right to declare the pre-sale agreement repudiated and to claim penalty fees against us. Except for the delay in our delivery of 705 out of 1,853 units (38.0%) and 49 out of 1,119 units (4.4%) in Changzhou Landmark and Changzhou Le Leman City, respectively, we did not experience any delays in delivering our properties during the Track Record Period and up to the Latest Practicable Date. Our delay in delivery of Changzhou Landmark and Changzhou Le Leman City in 2008 and 2009 were as a result of the uncertain market environment. As payments of the projects were due in installments, depending on the progress of the construction, we decided to postpone our construction and development of both projects due to the market conditions at the time. During the Track Record Period, we paid a total of approximately HK\$21.4 million in late delivery payments. As at the Latest Practicable Date, there had been no deemed repudiations of our pre-sale agreement by our purchasers that had a material adverse impact on our Company's operational and financial position. There may also be factors beyond our control causing delay to the delivery of property, such as examination and approval processes conducted by various government agencies. In the case of serious delays on one or more property projects, our business and reputation may be adversely affected.

### **After-sales Services**

Our property management/customer service department is responsible for our after-sales customer services and the formulation of customer service processes and standards. We have a dedicated customer service team providing comprehensive after-sales services, which include assisting customers in obtaining property title certificates, handling customer complaints and sponsoring social events for customers. In addition, our customer service team is responsible for collecting and analyzing customer data to identify the latest trends in customer preferences and it conducts customer satisfaction surveys to help improve our projects' market positioning, design, marketing strategies and quality of service.

### **PROPERTY MANAGEMENT**

We provide property management services for our properties through our five wholly-owned subsidiaries, namely, Changzhou Business Management, Changzhou Property Services, Hangzhou Business Management, Shenzhen Business Management and Shenzhen Property Services. Our property management companies typically enter into property management contracts with property owners which specify the services to be offered, the scale of such services and the quality requirements for such services. In accordance with PRC laws, our Group cannot assign overall management obligations to a

third party but it may outsource certain responsibilities (such as cleaning and security services) to a third party. According to relevant laws and regulations, the rate standards set out in the property management contracts cannot be raised without the approval of the majority of property owners.

However, depending on the overall development need and marketing strategy, we may appoint third party management companies, which include domestic and international companies (such as Colliers International and DTZ Debehm Tie Leung Property Management (Guangzhou) Co., Ltd.) to provide property management or consultation services for some of our projects under development. Our property companies provide after-sales and property management services for our other projects, especially large-scale complex projects such as Changzhou Landmark and Changzhou Le Leman City. Our Group also provides property management and related services to our property owners or tenants through our property companies for projects held for future development.

Under the PRC law, property owners have the right to engage or dismiss a property management company with the consent of more than half of the owners and such owners, in aggregate, holding more than 50% of the interest in the non-communal areas of the building. As at the Latest Practicable Date, our property management companies and the external property management companies, which we engage have not been dismissed from the management of any properties.

## **HOTEL AND RENTAL PROPERTIES**

### ***Hotels***

Construction of our Group's hotel, the Changzhou Holiday Inn, was completed and it commenced operations in October 2008. It is in full compliance with the 5-star standards of Star-rating Standard for Tourist Hotels and is currently managed by the Holiday Inns (China) pursuant to a management agreement dated December 18, 2006 between Changzhou Water Flower and Holiday Inns (China). The agreement, which has a term of ten years, will be automatically extended for another ten years unless either party provides notice to the contrary. Pursuant to the agreement, Holiday Inns (China) has agreed to manage Changzhou Holiday Inn for a monthly management fee which is calculated based on the monthly total revenue and gross profit of the hotel.

Recognizing the positive effect that hotels can have on the local investment environment, our Group has the strong support of the local government of Changzhou for our hotel development projects.

### ***Rental Properties***

Our properties are held for rental use, capital appreciation or for both purposes. As part of its residential properties development and overall sales strategy, our Group owns retail units, club houses and carparks. Our rental properties are expected to increase recurring income through a diversified portfolio of commercial properties and carparks.

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. We attract large-scale Anchor Tenants which assist us in achieving sales goals for our projects. We enter into longer and more favourable lease contracts with well-known brands, chain cinema operators, major game centers and top operators of catering businesses. The lease term for other tenants is relatively short and their rent is determined with reference to market levels. We believe that our carefully selected tenants will generate steady recurring income and significantly enhance the sales and appreciation of our projects overall.

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For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, our rental income was HK\$13.2 million, HK\$40.9 million, HK\$59.8 million, HK\$39.5 million and HK\$62.0 million, respectively.

The following table sets forth the details of our rental properties as at September 30, 2010:

Projects	Location	Total leasable GFA (sq.m.)
Changzhou Landmark (Phase 1) . . . . .	Changzhou, Jiangsu Province	46,627
Changzhou Landmark (Phase 2) . . . . .	Changzhou, Jiangsu Province	30,954
Dongguan Landmark . . . . .	Dongguan, Guangdong Province,	20,172
Hangzhou Landmark . . . . .	Hangzhou, Zhejiang Province	24,667
Shenzhen Water Flower Garden . . . . .	Shenzhen, Guangdong Province	4,992
Chengdu Landmark . . . . .	Chengdu, Sichuan Province	38,525

### PROPERTIES USED BY US

Our corporate headquarters is located at Unit 3318, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. We rented 11 properties from Independent Third Parties as at September 30, 2010. We use these rented properties primarily as office space.

### SUPPLIERS AND CUSTOMERS

Our suppliers primarily include construction contractors, building material suppliers and equipment suppliers. Our five largest suppliers accounted for 39%, 22%, 27% and 27% of our total purchases, excluding land costs in the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010. Purchases from our largest supplier accounted for 19%, 10%, 8% and 10% of our total purchases for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, respectively.

Our five largest customers accounted for 40%, 13%, 3% and 39% of our total sales for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010. Our largest customer accounted for 32%, 3%, 0.6% and 28% of our total sales for the years ended December 31, 2007, 2008 and 2009 and for the nine months ended September 30, 2010. Our largest customer accounted for 32% of our total sales for the year ended December 31, 2007 due to a block sale of retail units in our Changzhou Landmark project to a shopping center operator which is an Independent Third Party, for an aggregate amount of approximately HK\$215.5 million. Our largest customer accounted for 28% in our total sales for the nine months ended September 30, 2010 due to a block sale of retail units in our Changzhou Landmark project to a shopping center operator which is an Independent Third Party, for an aggregate amount of approximately HK\$79.8 million. As confirmed by our PRC legal adviser, the block sale of our retail units of our Changzhou Landmark project did not violate any PRC laws and regulations and the contracts entered into by us in connection with such block sale are legal and valid under PRC laws.

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Except for Li Yan Jie, who is one of our Directors and was our fifth largest customer for the year ended December 31, 2008, none of our Directors, their associates or any Shareholder (which to the knowledge of our Directors owns more than 5% of the share capital of our Company) has any interest in any of our five largest suppliers and customers in the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010.

### COMPETITION

The property market in China is highly fragmented. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including leading developers from Hong Kong. We compete with them in relation to a number of factors, including the acquisition of land, brand recognition, financial resources, price, product quality, service quality and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition. For more information on competition, please see the section headed “Risk Factors — Risks Relating to the Property Sector in the PRC — We face intense competition from other real estate developers” in this prospectus.

### INSURANCE

We carry employer’s liability insurance for medical and related expenses that our employees may incur as a result of personal injuries at their workplaces or on the construction sites of our property developments. However, property developers are not required under national or local laws or regulations to maintain insurance coverage in respect of their property development operations. 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. Neither do we require the construction companies we engage to maintain insurance coverage on properties under construction. In addition, we generally do not carry insurance against personal injuries that may occur during the construction of our properties. The construction companies, however, are responsible for quality and safety control during the course of construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have a set of standards and specifications with which we require construction workers to comply during the construction process. We engage qualified supervision companies to oversee the construction process. Under PRC laws, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that he or she is not at fault. We have not experienced any destruction of or damage to our property developments nor have any personal injury-related claims been brought against us during the Track Record Period.

Our Directors believe that, based on industry practice in the PRC, our policies with respect to insurance are sufficient. However, there are risks for which we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. Please see the section headed “Risk Factors — Risks Relating to Our Business — We may suffer losses and be subject to liabilities that are not sufficiently covered, or covered at all, by insurance” in this prospectus for details.




## **SOCIAL, HEALTH AND SAFETY MATTERS**

In respect of our Group's social responsibilities, in particular, health, safety and social insurance, pursuant to the regulations of the Labor Contract Law of the PRC, the Labor Law of the People's Republic of China and Opinions on Several Questions concerning the implementation of the Labor Law of the People's Republic of China, an enterprise is required to execute an employment contract with its employees in accordance with relevant laws and regulations and cannot rescind the employment contract without cause. Further, employees are entitled to breaks and annual leave according to the law and provisions as stipulated in an employment contract. An enterprise is required to have health and safety policies and provide health and safety training to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as protective gear, if necessary. Pursuant to 《國務院關於建立城鎮職工基本醫療保險制度的決定》 (Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees\*), 《國務院關於建立企業職工統一基本養老保險制度的決定》 (Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees\*), 《企業職工生育保險試行辦法》 (the Provisional Insurance Measures for Maternity of Enterprise Employees\*), 《住房公積金管理條例》 (Regulations on the Management of Housing Provident Fund\*), 《失業保險條例》 (Regulations on Unemployment Insurance\*) and 《工傷保險條例》 (Regulations on Industrial Injury Insurance\*), an enterprise is required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance and personal injury insurance for its staff and pay the relevant insurance premiums in accordance with the law and regulations.

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

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organized by the PRC provincial and municipal governments for our employees. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing provident fund. During the Track Record Period, we have not paid, or have not been able to pay, certain past social insurance and housing provident fund contributions for and on behalf of our employees. For further details, please see the paragraph headed “— Legal Compliance” in this section and the section headed “Risk Factors — Risks Relating to Conducting Business in the PRC — Our non-compliance with certain housing provident fund contribution regulations in the PRC could lead to the imposition of fines or penalties” in this prospectus. Our human resources department personnel look after our social, health and safety issues. They generally have sound knowledge of administration on employment and related matters and are aware of the latest legal developments in this area and our compliance with the relevant requirements.

## **INTELLECTUAL PROPERTY RIGHTS**

We conduct our business under the “萊蒙”, “TOP SPRING” and the “” trademarks for which we have applied for registration. We are also the registered owner of the domain names “topspring.com.hk” and “topspring.com”. Further details of our intellectual property rights are set out in the section headed “Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property” in Appendix VIII to this prospectus.

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

## **PRC GOVERNMENT’S AUSTERITY MEASURES IN THE PROPERTY MARKET**

The PRC government has recently introduced a host of new policies intended to curtail overheating of the property market in the PRC, including the following:

- In March 2010, the Ministry of Land and Resources issued a notice which requires, among other things, that a land grant contract be executed within ten days after the land is granted, and that a down payment of 50% of the purchase price be paid within one month of the execution of the land grant contract with the remainder to be paid in accordance with the land grant contract, but no later than one year from the execution of the land grant contract. Our Directors are of the view that these requirements have not materially affected and will not materially affect our Group as a whole as our Group has adequate funding sources from internal operations to fund the payment of land premiums as the need arises.
- In April 2010, the State Council issued a notice which specifies that families buying their first residential property with a GFA of 90 sq.m. or more must pay a down payment of at least 30% of the purchase price. The notice also specified that families buying their second residential property must make a down payment of at least 50% of the purchase price and the interest for the relevant mortgage must not be lower than 110% of the relevant PBOC benchmark interest rate. In September 2010, the minimum down payment for all purchases of principal residences was increased to 30% of the purchase price. In January 2011, the minimum down payment for the purchase of a second residential property was further increased to 60% of the purchase price. These requirements on minimum down payments make our properties less affordable to potential customers and hence may reduce the demand for our properties.
- In September 2010, the Ministry of Land and Resources and the Ministry of Construction issued a notice requiring land authorities to prohibit real estate developers and their controlling shareholders who have engaged in illegal activities (such as obtaining land use rights through fraudulent means, transferring land use rights improperly, holding land which has been idle for more than one year due to the fault of the developer or the controlling shareholder(s), or whose exploitation of land has been in breach of the relevant land grant contract) from participating in land bidding processes until the aforesaid activities have been rectified. Our Directors believe that, as none of the companies in our Group or our Controlling Shareholders have engaged in any of the aforesaid activities, these measures will not have any impact on our Group as a whole.

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- In September 2010, the PBOC and the CBRC issued a notice requiring commercial banks to suspend the extension of loans to individuals for the purchase of third or subsequent residential properties. All commercial banks are also required to suspend the extension of loans for the purchase of residential properties by non-residents who cannot provide certificates evidencing the payment of local taxes or social insurance for more than one year. In addition, commercial banks are prohibited from extending loans to real estate developers, which hold idle land, who have changed the land use and land status, delayed the commencement date or completion date of construction or delayed the commencement of sales of property for speculative purposes. Our Directors believe that these measures tightening the availability of credit will limit the availability of credit facilities to potential customers to purchase our properties. Our Directors believe that these measures will not affect the availability of credit to us as we have not changed the land use or status of the land held by us without government approval, nor have we delayed the commencement of sales for speculative purposes or delayed the commencement date or completion date of construction without approval or held land which has been idle due to the fault of our Group. Further, as confirmed by our PRC legal adviser, the land for Shenzhen Blue Bay has a relatively low risk of being deemed to be idle land by the government as the delay in commencement of construction has been due to the government's revision of the land's development planning.

In January 2011, the State Council further issued a notice which specified that:

- (i) individuals who resell a residential property within five years of purchase would be subject to a business tax on the proceeds from the resale;
- (ii) if a property developer fails to obtain the relevant construction permits and fails to commence construction within two years from the designation of land for property development, the relevant land use rights granted would be forfeited and an idle land penalty would be imposed;
- (iii) transfer of land and property development projects is prohibited if the amount of property development investment (excluding the land premium) incurred is less than 25% of the total investment amount in respect of the project;
- (iv) families holding local residency and owning two or more residential properties and families holding non-local residency and owning at least one residential property or who cannot provide a local tax payment certificate or a social security certificate are prohibited from purchasing additional residential properties in the local district.

Our Directors believe that the introduction of these austerity measures has affected the availability of credit facilities to potential customers, the general investment appetite in the industry and the availability of funding for property developers for land acquisitions and development, thereby adversely impacting our GFA sold and our turnover from sales. Additionally, the increase in the fair value of our investment properties decreased significantly in the nine months ended September 30, 2010 to HK\$22.6 million as compared to HK\$174.3 million in the nine months ended September 30, 2009 and we believe this was a direct result of the slowdown in the pace of increase in property prices due to the implementation of these austerity measures. However, it is not possible to ascertain the full extent of the impact of the austerity measures on the performance of our Group or to accurately estimate what the sales volume and turnover of our Group might have been had the measures not been introduced. There can be no assurance that the recently introduced austerity measures have not had a material adverse effect on our business and results of operations or that they will not have a materially adverse effect on our business and results of operations in the future.

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Despite the introduction of the austerity measures in 2010, there was an increase in our pre-sales volume and turnover from pre-sales in the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009. Additionally, for properties in Changzhou Le Leman City (Phase 3) and Shenzhen Hidden Valley (Phase 3), the ASP of the properties sold or pre-sold during the year 2010 were higher compared to the previous year. Further, for The Spring Land (Phase 1), over 90% of our 501 residential units were sold within a month from the commencement of sales, and over 90% of the 818 residential units in The Spring Land (Phase 2) were sold within five months of the commencement of sales. As the austerity measures have only recently come into effect, it is too early for us to further fully assess the specific impact that the austerity measures have had or may have on our business.

The Spring Land (Phase 1), Changzhou Le Leman City (Phase 3) and Shenzhen Hidden Valley (Phase 3) were completed and delivered during the fourth quarter of 2010 and we estimate that we will recognize revenue of no less than HK\$872.7 million, HK\$233.9 million and HK\$1.06 billion, respectively, from these projects in 2010. Please see the section headed “Profit Estimate” in Appendix III to this prospectus and the section headed “Financial Information — Profit Estimate for the year ended December 31, 2010” in this prospectus.

The PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulations relating to, among other things, land grants, pre-sales of properties, bank financing and taxation, from time to time. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand in respect of residential and commercial properties. As at December 31, 2010, we had not experienced any difficulty selling our property units. Please see the section headed “Risk Factors — Risk 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” in this prospectus for further information.

As confirmed by our Group’s independent property valuer, there has been no impairment in the value of our Group’s properties as at December 31, 2010. Therefore, our Company is of the view that the austerity measures have not had a material adverse impact on the value of our properties.

## LEGAL COMPLIANCE

We have obtained all necessary licences, approvals and permits that are material to our business operations and, since our commencement of business and, save as disclosed below, we have been in compliance in all material respects with the applicable laws and regulations in all jurisdictions where we operate businesses. We have obtained all approvals, permits, licences and certificates for our operations from the relevant government authorities, all of which are valid and current.

Our PRC legal adviser has advised us that, to the best of their knowledge after due inquiries, our Group has complied with the applicable PRC laws and regulations as described in the relevant sections in this prospectus in all material respects during the Track Record Period, except for the following:

- We failed to commence construction within one year of the commencement date stipulated in the land grant contract for Shenzhen Blue Bay, which resulted in the land on which we plan to develop the project being deemed to be idle land. We subsequently paid an idle land fee and entered into a supplemental land grant agreement with Shenzhen Land Bureau. For further details, please see the section headed “Risk Factors — Risks Relating to the Property Sector in the PRC — We may be

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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” in this prospectus.

- We failed to commence construction within one year of the commencement date stipulated in the land grant contract for our The Spring Land (Phases 4 and 5) projects, which resulted in the land on which we plan to develop the projects being deemed to be idle land. The relevant idle land fee was waived by Shenzhen Land Bureau, Bao’an Branch. We entered into supplemental land grant agreements in relation to The Spring Land (Phases 5 and 6) in May 2010 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\*). We expect to enter into a supplemental land grant agreement in relation to The Spring Land (Phase 4) with the Shenzhen Land Bureau, Bao’an Branch by May 2011. For further details, please see the section headed “Risk Factors — Risks Relating to the Property Sector in the PRC — 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” in this prospectus.
- We have not paid, or have not been able to pay, certain housing provident insurance fund contributions for and on behalf of our employees. Our PRC legal adviser has advised us that we may be required to pay such contributions and may be subject to fines ranging from RMB10,000 to RMB50,000 per entity under the relevant PRC laws. As at September 30, 2010, we had an outstanding amount of approximately RMB3.5 million in respect of the overdue social insurance and housing provident fund contributions for the Track Record Period. Our Directors believe that we have sufficient liquidity to cover potential liabilities, including the payment of overdue social insurance and housing provident fund contributions and any penalty payments. Please see also in section headed “Risk Factors — Risks Relating to Conducting Business in the PRC — Our non-compliance with certain housing provident fund contribution regulations in the PRC could lead to the imposition of fines or penalties” in this prospectus.
- Certain of our payments for land premiums were made after the time when they were due under the relevant land grant agreements. Our PRC legal adviser has advised us that, since the relevant government authorities did not fine us for the late payments within the statute of limitation under PRC laws, we are not subject to risks that we will be fined for such late payments.
- The capital contribution to certain of our subsidiaries was made after the time when they were due under the relevant PRC laws. Our PRC legal adviser has advised us that, since each of the relevant entities have passed their SAIC annual inspections every year since their establishment, the late payments will not have an adverse effect on the legal status of such entities.
- We purchased an 11% equity interest in SZITIC Property from CR SZITIC Trust on January 21, 2005 for an appraised value of RMB12.5 million, increasing our total equity stake in SZITIC Property to 51%. We obtained the permits for this transfer and registered the transfer with the Shenzhen Administration of Industry and Commerce. It was subsequently discovered that a group of six properties owned by SZITIC Property had not been included in the original appraisal. In compensation for those properties, we entered into a supplemental agreement with CR SZITIC Trust on November 28, 2005, pursuant to which we paid an additional purchase price of RMB1.1 million. Furthermore, pursuant to the supplemental agreement, we were required to arrange for an appraisal of the group of six properties and, if the appraised value of those properties was more than RMB10.0 million, we would be required to make an additional payment to CR SZITIC Trust. According to the Real Estate Valuation Report dated September 10, 2009, issued by 深圳市天健國

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眾聯資產評估土地房地產估價有限公司 (Shenzhen City Tianjian Zonglian Asset Valuation and Land and Real Estate Valuation Co. Ltd.\*), an independent property valuer, the appraised value of the group of six properties was RMB9,739,197 as at December 30, 2004. Our PRC legal adviser is of the opinion that since the above equity transfer has been approved by the relevant government authority, appraised according to the applicable regulations, transferred in the Shenzhen Assets Exchange Center and registered with the Shenzhen Administration of Industry and Commerce, the above equity transfer is complete and effective. Although the supplemental agreement dated November 28, 2005 has not been confirmed by the State-owned Assets Supervision and Administration Commission, given that we have not received any notice on the adjustment or revocation of the above supplemental agreement and that the additional transfer price was determined on a justified basis, the effectiveness of the equity transfer will not be affected.

We did not commence construction and development within one year of the commencement date stipulated in the land grant contract for Shenzhen Hidden Valley and The Spring Land (Phases 1 to 3). The delay was primarily caused by the delay of the construction of a retaining wall for a construction site on a road neighboring the sites for Shenzhen Hidden Valley and The Spring Land (Phases 1 to 3). On May 19, 2008, we received notification from the Shenzhen Land Bureau, Bao'an Branch, confirming that the land for Shenzhen Hidden Valley and The Spring Land (Phases 1 to 3) would not be deemed to be idle land despite the delay in the construction and development of the land. Based on the notice, our PRC legal adviser is of the opinion that the land for Shenzhen Hidden Valley and The Spring Land (Phases 1 to 3) will not be deemed as idle land and that we are entitled to exercise the land use right of the land for Shenzhen Hidden Valley and The Spring Land (Phases 1 to 3).

Except as disclosed above and in the paragraph headed "Non-compliance with the Companies Ordinance" in this section, we have complied with all laws and regulations material to our business operations, including environmental laws, during the Track Record Period and have not been subject to any fines or legal action involving non-compliance with any laws or regulations relating to our business. So far as we are aware, and as confirmed by our Directors, there are no pending or threatened actions against us by any regulatory authority in the PRC or other jurisdictions where we operate our businesses. Our Directors confirm that the tightened enforcement of the regulations on the forfeiture of idle land and/or land grant deposits has not had significant impact on our Company during the Track Record Period.

In order to prevent future non-compliance with any laws, rules and regulations as aforesaid, we have implemented the following internal control measures since July 21, 2009:

- (i) we have established a committee comprising the general manager of the project department, the general manager of the design management department and the project general manager of the project company for each project, in particular, to:
  - review the proposed usage of future projects, whether they comply with the usage prescribed in the relevant future land use right contract or whether a change of usage application should be made prior to the commencement of construction;
  - monitor the process, such as conducting periodic examinations of construction plans, in order to ensure that the planned GFA of our future projects will not exceed the permitted GFA prescribed in the qualification certificate; and

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- arrange with external professional training institutes to provide training to the personnel in our cost management department, design management department and operation management department and our Directors to reinforce their awareness of relevant rules and regulations on an annual basis;
- (ii) we have set up a sub-committee to monitor compliance with the internal control measures undertaken by our Company;
- (iii) our human resources department, which is responsible for overseeing the payment of social security insurance and housing provident fund contributions, 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;
- (iv) we will carry out and obtain satisfactory legal due diligence and business due diligence prior to investing in entities and/or acquiring assets to avoid investment in entities and/or acquisition of assets where there may exist non-compliance issues with laws, rules or regulations; and
- (v) results of our internal control measures will be reviewed and reported by the independent non-executive directors after Listing.

### Non-Compliance with the Companies Ordinance

Pursuant to section 122 of the Companies Ordinance, the directors of a Hong Kong company must cause the profit and loss account and balance sheet to be made up and laid before the company and its shareholders at each of its annual general meetings. Such accounts shall be made up to a date falling not more than nine months before the date of the meeting.

Further, as required under the Companies Ordinance, a Hong Kong company must file a notice with the Registrar of Companies in Hong Kong in the form of an annual return or upon certain changes in its corporate particulars within a prescribed timeframe specified in the Companies Ordinance.

During the course of the due diligence process for the purpose of the Listing, it was discovered that a number of our subsidiaries incorporated in Hong Kong failed to comply with the aforementioned statutory requirements on various occasions, details of which are summarized in the following table:

Name(s) of our Group company(ies)	Details of the non-compliance	Relevant period of the non-compliance	Maximum penalty for each instance of non-compliance	Reasons for the non-compliance
Long Hua, Top Spring (HK), Prosperous Property Development, Prosperous Properties Holdings, Top Spring International Shenzhen, Jointak, Scarborough China, Le Leman Yuhang, Top Spring International Zhejiang, Top Spring Taihu Bay, Top Spring International (Xiqi)	Failure to lay the audited accounts in the relevant company's annual general meetings and/or lay audited accounts made up to a date falling not more than nine months under section 122 of the Companies Ordinance ("Accounts-related Non-compliance Matters")	Long Hua (1999–2008) Top Spring (HK) (2007–2009) Prosperous Property Development (2007–2009) Prosperous Properties Holdings (2007, 2008) Top Spring International Shenzhen (2007, 2008) Jointak (2003–2008) Scarborough China (2008) Le Leman Yuhang (2006–2008) Top Spring International Zhejiang (2007, 2008) Top Spring Taihu Bay (2007–2009) Top Spring International (Xiqi) (2006–2009)	Fine of HK\$300,000 and 12 months imprisonment  The High Court of Hong Kong has granted formal extensions for the time within which to lay the relevant accounts. All relevant audited accounts have been laid in compliance with the extended time and manner specified in the court orders.	Due to unintended and inadvertent omission of the relevant officer who had been responsible for company secretarial and corporate administrative matters to arrange for audits of the relevant Group members in the manner prescribed under the Companies Ordinance

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Name(s) of our Group company(ies)	Details of the non-compliance	Relevant period of the non-compliance	Maximum penalty for each instance of non-compliance	Reasons for the non-compliance
Long Hua, Top Spring (HK), Prosperous Property Development, Prosperous Properties Holdings, Jointak, Scarborough China, Le Leman Yuhang, Top Spring Taihu Bay	<p>Filing (i) annual return; and/or (ii) notice of the following corporate particulars or changes thereof:</p> <p>(a) first secretary and directors and relevant consent to act;</p> <p>(b) changes in secretary and director and relevant consent to act;</p> <p>(c) changes in the particulars of secretary and director;</p> <p>(d) changes in the address of the registered office;</p> <p>(e) location of registers;</p> <p>(f) increase in nominal share capital; and/or</p> <p>(g) resignation of auditors;</p> <p>after the time specified in the Companies Ordinance.  <b>("General Non-compliance Matters")</b></p>	<p>Long Hua (1998–2007)  Top Spring (HK) (2007–2009)  Prosperous Property Development (2007–2009)  Prosperous Properties Holdings (2006, 2008)  Jointak (2002–2008)  Scarborough China (2007, 2008)  Le Leman Yuhang (2005–2008)  Top Spring Taihu Bay (2009)</p>	<p>(i) Fine of HK\$50,000 and a daily default fine of HK\$700 for continued default</p> <p>(ii) (a) Fine of HK\$100,000 and a daily default fine of HK\$550 for continued default</p> <p>(ii) (b) Fine of HK\$100,000 and a daily default fine of HK\$550 for continued default</p> <p>(ii) (c) Fine of HK\$100,000 and a daily default fine of HK\$550 for continued default</p> <p>(ii) (d) Fine of HK\$10,000 and a daily default fine of HK\$300 for continued default</p> <p>(ii) (e) Fine of HK\$50,000 and a daily default fine of HK\$700 for continued default</p> <p>(ii) (f) Fine of HK\$10,000 and a daily default fine of HK\$300 for continued default</p> <p>(ii) (g) Fine of HK\$150,000 and 2 years imprisonment in the case of a conviction on indictment or a fine of HK\$50,000 and 6 months imprisonment in the case of a summary conviction</p>	<p>Due to unintended and inadvertent omission of the relevant officer who had been responsible for company secretarial and corporate administrative matters to arrange for the filings of the relevant notices in the manner prescribed under the Companies Ordinance</p>

The Companies Registry has confirmed that no prosecution is being contemplated at the current stage but it is unable to confirm that no action will be taken in the future in respect of the instances of non-compliance summarized herein.

## Remedial Actions

Upon identification of the aforementioned instances of non-compliance, we have taken the remedial steps set out below.

### *Accounts-related Non-compliance Matters*

We immediately engaged various qualified accounting firms in Hong Kong to prepare the requisite audited accounts for the relevant Group companies and submitted the same to their respective shareholders for approval either through general meetings or by way of written resolutions. The directors of the relevant Group members had on June 14, 2010 applied to and on September 30, 2010 been granted with orders by the Court of First Instance of the High Court of Hong Kong to extend the period for laying accounts in general meetings and/or by way of written resolutions pursuant to section 122 of the Companies Ordinance. Such orders were granted against the undertaking from Mr. Wong and Mr. Lee Sai Kai David, our Directors and the applicants to the applications, to procure that the orders and the reasons why they were sought will be brought to the attention of the Stock Exchange and will be referred to in this prospectus. The Accounts-related Non-compliance Matters were rectified upon the grant of such court orders and the laying of the accounts before the relevant Group members within the extended time.



### ***General Non-compliance Matters***

As opposed to the Accounts-related Non-compliance Matters, rectification of the General Non-compliance Matters by means of court orders is not specified under the Companies Ordinance. However, as at the Latest Practicable Date, the relevant Group members have already filed with the Hong Kong Companies Registry all the relevant prescribed forms and/or notices in respect of the General Non-compliance Matters, notwithstanding after the time specified in the Companies Ordinance.

### **Consequence of Non-Compliance with the Companies Ordinance**

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 Accounts-related Non-compliance Matters and the General Non-compliance Matters. On October 26, 2010, the Hong Kong Companies Registry replied that no prosecution was being contemplated by that time but it was unable to confirm that no action would be taken against these companies and/or their then officers in relation to the Accounts-related Non-compliance Matters and the General Non-compliance Matters. For details of the maximum penalties that may be imposed for each instance of non-compliance, please see the summary table in the paragraph headed “Non-compliance with the Companies Ordinance” in this section.

### **Preventive Measures**

We have adopted the following measures to avoid future occurrences of the Accounts-related Non-compliance Matters and the General Non-compliance Matters and to strengthen our control environment at the monitoring level:

- (1) we have recruited additional personnel to reinforce our accounts department by appointing a group chief accountant, a chief financial officer and a finance manager, who are all qualified accountants with extensive experience in finance, accounting and auditing, to manage and oversee the accounting and compliance matters of our Group;
- (2) Ms. Luk Po Chun, our group chief accountant as mentioned above, has also been appointed as the company secretary of our Company and the relevant Group members. Ms. Luk is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants and has extensive experience in handling listed companies compliance matters. She is responsible for our company secretarial and accounting matters in Hong Kong and monitoring the convening of general meetings of our Group companies from time to time;
- (3) we have established the audit committee which comprises a non-executive Director and two independent non-executive Directors, one of whom, Mr. Cheng Yuk Wo, possesses extensive accounting and financial management experience and has held independent directorships in several listed companies in Hong Kong, to oversee the internal control procedures and accounting and financial reporting matters. The audit committee has also adopted its terms of reference which set out clearly its duties and obligations for ensuring compliances with the relevant regulatory requirements. In particular, the audit committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters;

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- (4) we have engaged external professionals, including auditors, external legal adviser and other advisers to render professional advice as to compliances with the statutory requirements as applicable to our Group from time to time. We will also appoint a compliance adviser to advise our Company on compliance matters in accordance with Rule 3A.19 of the Listing Rules; and
- (5) our Directors and other members of the senior management of our Group have attended trainings conducted by our Company's Hong Kong legal advisers on the on-going obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance and the Listing Rules. In addition, one of our executive Directors, Mr. Lee Sai Kai David, together with our Company Secretary, have attended a professional course in relation to directors and shareholders meetings. Mr. Lee Sai Kai David has also joined the Hong Kong Institute of Directors as Fellow in October 2010 and is expected to attend the continuing professional development courses organized by it so as to keep pace with the current regulatory requirements. To further strengthen the knowledge of our Directors as to the applicable statutory and regulatory requirements, we will conduct an induction programme which is designed to cover the legal aspects of our Group's subsidiaries in different jurisdictions of their incorporation and directors' duties.

Our Directors are of the view that the internal control measures adopted by our Group are adequate and effective in significantly reducing the risk of future non-compliance with legal and regulatory requirements in the PRC and Hong Kong.

### LEGAL PROCEEDINGS

From time to time we may be involved in legal proceedings or disputes in the ordinary course of business, including claims relating to our guarantees for the mortgage loans we provide to our customers and contract disputes with our customers and suppliers. Except as otherwise disclosed in the paragraph below, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. Our Directors confirm that we have not experienced any material disputes with any parties or disagreements with regulatory bodies during the Track Record Period. Please see the section headed "Risk Factors — Risks Relating to Our Business — We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result, and a deterioration of our corporate image may adversely affect our business" in this prospectus.

We are currently in a dispute with the 廣東省邊防海警第一支隊 (Guangdong Coast Guard\*) regarding the boundary of the parcel of land on which our Shenzhen Blue Bay project is located. The Guangdong Coast Guard disagrees with the land boundary set forth in our land grant contract. We have already submitted this dispute to the local land bureau. On March 6, 2007, the 深圳市國土資源和房產管理局發龍崗分局 (Shenzhen Land Bureau Longgang Branch\*) reported the dispute to 廣東省國土資源廳 (Guangdong Land Bureau\*). We had not yet received an official response from Guangdong Land Bureau as at the Latest Practicable Date. As a result, we have not yet commenced construction on the land. According to our PRC legal adviser, as the land grant contract and the state-owned land use right certificate of Shenzhen Blue Bay are legal and valid, we are entitled to exercise the land use right of Shenzhen Blue Bay in accordance with relevant laws and regulations. We believe that the above dispute will not have a significant impact on our land use right in Shenzhen Blue Bay. In addition, according to the land grant contract, if our use of the land is delayed due to the fault of Shenzhen Land Bureau, Shenzhen Land Bureau Longgang Branch must compensate us for the relevant economic losses. Our PRC

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legal adviser is of the opinion that if we suffer economic losses from the above dispute, we are entitled to make a claim for compensation from Shenzhen Land Bureau Longgang Branch in accordance with the land grant contract.

### ENVIRONMENTAL MATTERS

We are subject to certain laws and regulations concerning the protection of the environment. The particular environmental laws and regulations that apply to any given property development project vary according to its location, the environmental factors associated with such development, construction and/or operations and the current and future usage of the land and the properties. Pursuant to these laws and regulations, each property development project is required to undergo environmental assessments. An environmental impact assessment document has to be submitted by the property developer before the relevant authorities will grant a permit for commencement of construction work on the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure the compliance with applicable environmental standards and regulations before the property can be delivered to the purchaser. During the years ended December 31, 2007, 2008 and 2009 and the nine months period ended September 30 2010, our Group had incurred an amount of RMB7,024,000, RMB1,883,000, RMB230,000 and RMB260,000, respectively, for the annual cost of compliance with applicable environmental rules and regulations. Save for the annual cost disclosed above, we have not incurred any additional compliance costs for the year ended December 31, 2010.

### HONORS, AWARDS AND CERTIFICATES

We have received various awards from various organizations in the PRC in recognition of, among other things, quality, contributions to the surrounding communities, ability to develop upscale properties and urban mixed-use communities, scale of development and overall reputation in the real estate industry in the PRC. The chart below sets out some of the awards to our projects, Company and Group.

Date	Recipient/Project	Award	Awarding Body
2002 . . . . .	Shenzhen Water Flower Garden	2002 Model Property of Chinese Cities of the Year (2002中國城市•終極置業典範)	CIHAF (中國住交會組委會)
2002 . . . . .	Shenzhen Water Flower Garden	2002 Model Property of Shenzhen of the Year (2002終極置業深圳典範)	Shenzhen — Hong Kong Institute of Real Estate (深港地產研究院)
2002 . . . . .	Shenzhen Water Flower Garden	2002 Classical Example of Residential Property Project in Shenzhen of the Year (2002深圳典型住宅指數樣本項目)	China Real Estate Index System (中國房地產指數系統)
November 2002 . . .	Shenzhen Water Flower Garden	2002 Famous Property of the Year in China (2002中國名盤)	CIHAF (中國住交會組委會); and CIHAF Mainstream Media Alliance (中國住交會主流媒體聯盟)
2003 . . . . .	Shenzhen Water Flower Garden	Classical Chinese Model Residential Property (中國住宅經典示範樓盤)	Appraisal of Design Plan of Creativity and Excellence in Residential Property in China (中國住宅創新奪優秀設計方案評審)

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Date	Recipient/Project	Award	Awarding Body
November 2003 . . .	Shenzhen Water Flower Garden	2003 China Real Estate of the Year (2003中國名盤)	CIHAF (中國住交會組委會); and CIHAF Mainstream Media Alliance (中國住交會主流媒體聯盟)
December 2003 . . .	Shenzhen Water Flower Garden	2003 Property of the Year (2003風雲樓盤)	China Real Estate Top 10 Research Team (中國房地產Top 10研究組); and China Real Estate Index System (深港地產研究院)
February 2004 . . . .	Shenzhen Water Flower Garden	2003 Shenzhen Top 10 Selling Real Estate of the Year (2003深圳十大暢銷樓盤)	Shenzhen Commerce Newspaper (深圳商報社); and Shenzhen Real Estate Information Website (深圳房地產資訊網)
November 2004 . . .	Changzhou Landmark	Most Expected Commercial Development Project (最值得期待商業地產項目)	2004 China Commercial Real Estate Hong Kong Promotion Week Organization Committee (2004中國商業地產香港推廣周組委會)
2005 . . . . .	Shenzhen Water Flower Garden	2005 Golden Award for Residential Planning of the Year (2005住區全程策劃金獎)	China Federation of Housing Industry Association (全國工商聯住宅產業商會)
2005 . . . . .	Changzhou Landmark	2005 China Top 10 Mainstream Commercial Real Estate Project (2005中國商業地產十大主流項目)	Urban Development Committee of China Real Estate Association (中國房地產協會城市開發專業委員會); The 2nd Annual Exhibition of China (Guangzhou) International Commercial Real Estate Expo Committee (第二屆中國(廣州)國際商業地產博覽會組委會); 中國商業地產聯盟; 大中華購物中心聯盟); and 中國商業地產影響力媒體聯盟
2005 . . . . .	Changzhou Landmark	2005 China Shopping Center Research Model Project (2005中國購物中心研究 — 示範項目)	Professional Committee of China General Chamber of Shopping Center (中國商業聯合會購物中心專業委員會); China Shopping Center Industry Information Center (中國購物中心產業資訊中心)
July 2005 . . . . .	Shenzhen Water Flower Garden	China Most Searched Real Estate Property (中國最具網絡人氣樓盤)	2nd Organizing Committee of Ranking, China Real Estate Network (第二屆中國房地產網絡排行榜組委會)
November 2005 . . .	Changzhou Landmark	2005 China Shopping Center — Commercial Planning Golden Award (2005中國購物中心 — 商業規劃金獎)	China Commercial Real Property Website (中國商業地產總網); and China Commercial Real Property Magazine (中國商業地產雜誌)
July 2006 . . . . .	Changzhou Landmark	2006 Best International Apartment in China (2006中國最佳國際公寓)	Urban Development Expertise Committee of the China Real Estate Industry Society (中國房地產協會城市開發專業委員會); www.SouFun.com (搜房網); and China Practical Residential Property Research Center (中國實用型住宅研究中心)

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Date	Recipient/Project	Award	Awarding Body
July 2006 . . . . .	Changzhou Le Leman City	Best Innovative Property Style 2006 (2006中國最佳創新戶型)	Urban Development Expertise Committee of the China Real Estate Industry Society (中國房地產業協會城市開發專 業委員會); and China Practical Residential Property Research Center (中國實用型住宅研究中心)
September 2006 . . .	Changzhou Landmark	The Nomination Award of The LivCom Awards — The China LivCom Project Awards	LivCom
March 2007 . . . . .	Changzhou Le Leman City	Famous International Property Development in China (中國國際名盤)	Global Launch of world.SouFun.com
October 2008 . . . . .	Shenzhen Hidden Valley	Global International Garden Community Nomination Award (全球國際花園社區提名獎) and China International Garden Community Award (中國國際花 園社區大獎)	2008 Global International City Garden and International Garden Community Competition Committee (2008全球國際花園城市與國際花園社 區競賽委員會)
September 2008 . . .	Changzhou Le Leman City	Living in Wujin • Residents' Most Selected Property Development (宜居武進 • 市民喜愛的樓盤)	Construction Bureau of Wujin District, Changzhou Municipality (常州市武進區建設局); and  Industrial and Commercial Alliance of Wujin District, Changzhou Municipality (常州市武進區工商聯).
November 2008 . . .	Shenzhen Water Flower	Leading Enterprise in Shenzhen Real Estate for 30 years (深圳 地產30年十大領袖品牌企業)	Shenzhen Special Administrative Region of China Real Estate Mainstream Media Alliance (深圳特區報中國房地 產主流媒體聯盟)
2009 . . . . .	The Spring Land	2009 Annual Conference of Chinese Real Estate & 60th Anniversary of the Chinese Living Forum — Annual Community Planning and Design Award (2009中國地產 年會暨中國人居60年高峰論壇 年度社區規劃設計大獎)	Peking University; Nanfang Media Group; Southern Metropolis Daily; Peking University HSBC School of Business (北京大學; 南方報業傳媒 集團; 南方都市報; 北京大學匯豐 商學院)
May 2009 . . . . .	Changzhou Le Leman City	Le Leman City 45 sq.m. Property — Residents' Favorite Type of the Property (萊蒙城45平米戶 型「市民最喜愛」戶型)	2009 Changzhou Residential Property Exchange Committee (2009常州住宅 產品交易會組委會); and Changzhou Broadcasting Television (常州廣播 電視台)
2010 . . . . .	The Spring Land	2010 Most Popular Metro Property in Shenzhen Amongst Internet Users (2010年網友最 關注深圳地鐵物業)	Shenzhen Real Estate Information Web; www.zhujia.com; Purchase Home Club (深圳房地產資訊網; 築家; 購房俱樂部)

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Date	Recipient/Project	Award	Awarding Body
2010 . . . . .	The Spring Land	Best Selling Project in Shenzhen for the First Quarter of 2010 (2010年深圳新房成交龍虎榜冠軍(一季度))	Shenzhen Real Estate Information Web (深圳房地產資訊網)
2010 . . . . .	The Spring Land	Best Selling Project in Shenzhen for the Third Quarter of 2010 (2010年(三季度)深圳新房成交龍虎榜冠軍)	Shenzhen Real Estate Information Web (深圳房地產資訊網)
2010 . . . . .	The Spring Land	Best Selling Project in Shenzhen for the First Half of 2010 (2010年(上半年)深圳新房成交龍虎榜冠軍)	Shenzhen Real Estate Information Web (深圳房地產資訊網)
2010 . . . . .	The Spring Land	Best Selling New Property in Bao'an District in First Quarter of 2010 (2010年寶安區新房成交龍虎榜(一季度)冠軍)	Shenzhen Real Estate Information Web (深圳房地產資訊網)
2010 . . . . .	The Spring Land	Best Selling New Property in Bao'an District in Third Quarter of 2010 (2010(第三季度)寶安區新房成交龍虎榜冠軍)	Shenzhen Real Estate Information Web (深圳房地產資訊網)
2010 . . . . .	The Spring Land	Best Selling New Property in Bao'an District in First Half of 2010 (2010(上半年)寶安區新房成交龍虎榜冠軍)	Shenzhen Real Estate Information Web (深圳房地產資訊網)
January 2010 . . . . .	The Spring Land	The Second Conference of Chinese Home Purchaser: The Fourth Soufun Owners Oscar — Most Anticipated Project in Shenzhen for 2010 (第二屆中國購房者大會：第四屆搜房業主奧斯卡 — (2010年深圳最受期待樓盤)	Soufun.com (搜房房地產網)
January 2010 . . . . .	The Spring Land	Top 20 Shenzhen Property Brands in 2009 (2009 深圳二十大品牌樓盤)	Shenzhen Economic Daily (深圳商報)
July 2010 . . . . .	The Spring Land	Top Property by Units Sold in the Shenzhen Market (PRC) for the first half of 2010 (2010上半年中國樓市(深圳)銷售套數冠軍)	Sina.com (新浪網)
July 2010 . . . . .	The Spring Land	Top Ten Properties Benefiting from the Integration of Shenzhen Special Economic Zone (深圳特區一體化十大受益樓盤)	Shenzhen Real Estate Information Web (深圳房地產資訊網)

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Date	Recipient/Project	Award	Awarding Body
August 2010 . . . . .	The Spring Land	Famous Property in the 30 Years of the Establishment of the Shenzhen Special Economic Zone (深圳特區成立30年名盤)	Shenzhen Special Economic Zone Daily (深圳特區報)
March 2010 . . . . .	our Company	2010 China Top 100 Real Estate Developers (2010中國房地產百強企業)	China Real Estate Association; Enterprise Research Institute of Development Research Center of the State Council of P.R.China; Institute of Real Estate Studies of Tsinghua University; and China Index Academy (中國房地產業協會；國務院發展研究中心企業所；清華大學房地產研究所；及中國指數研究院)
March 2010 . . . . .	our Company	2010 Star Real Estate Developers in China — Top 100 (2010中國房地產百強企業 — 百強之星)	China Real Estate Association; Enterprise Research Institute of Development Research Center of the State Council of P.R.China; Institute of Real Estate Studies of Tsinghua University; and China Index Academy (中國房地產業協會；國務院發展研究中心企業所；清華大學房地產研究所；及中國指數研究院)
November 2010 . . . . .	our Company	2010 Most Valuable Enterprise for Investment (2010中國藍籌地產最具投資價值企業獎)	The Economic Observer — China Blue Chip Real Estate (經濟觀察報 — 中國藍籌地產)
January 2011 . . . . .	our Company	2010 Sina Leju Annual Real Estate Enterprise Brand Award (2010年度新浪樂居品牌地產企業獎)	Sina Leju (新浪樂居) and China Real Estate Information Corporation (中國房地產信息集團)
January 2011 . . . . .	The Spring Land	2010 Sina Leju Hurun Millionaires' Luxurious Property Brand (2010年度新浪樂居胡潤百富房地產產品品牌知名豪宅品牌獎)	Sina Leju (新浪樂居) and Hurun Millionaires (胡潤百富)
January 2011 . . . . .	“Water Flower Series”	2010 Sina Leju Best Series of Residential Property (2010年度新浪樂居最佳住宅品牌系列獎)	Sina Leju (新浪樂居) and China Real Estate Information Corporation (中國房地產信息集團)