You should read the following discussion and analysis in conjunction with our combined financial statements together with the accompanying notes, set forth in the accountants' report included as Appendix I to this prospectus. Our combined financial statements are prepared in conformity with HKFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the accountants' report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections headed "Risk Factors" and "Business" and elsewhere in this prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2007, 2008 and 2009 refer to our financial year ended December 31, of such year. Unless the context otherwise requires, financial information described in this section is described on a combined basis.

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.

For the years ended December 31, 2007, 2008 and 2009 and 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. Over the same periods, our net profit/loss attributable to equity shareholders of our Company was profit of HK$121.3 million, HK$9.5 million, HK$376.6 million and HK$504.3 million and loss of HK$89.4 million, respectively. During the Track Record Period, our Company held a controlling interest in SZITIC Property (through a subsidiary holding a 51% interest in SZITIC Property). As such, the results of operations of SZITIC Property and its subsidiaries have been included in our financial statements and a portion of the profits generated from SZITIC Property and its subsidiaries have been allocated on our income statements as attributable to non-controlling interests. We completed our acquisition of the remaining 49% of SZITIC Property on August 31, 2010. Since June 18, 2008, our Company has held 100% interests in Hangzhou Landmark and Chengdu Landmark (through its 100% interests in Fortune Mega International Limited and Le Leman International (Yuhang) Limited). As such, the results of operations of Fortune Mega International Limited and Le Leman International (Yuhang) Limited and their subsidiaries have been included in our financial statements since June 2008. We had profit attributable to non-controlling interests of HK$58.6 million, HK$93.7 million, HK$146.9 million, HK$118.5 million and loss attributable to non-controlling interests of HK$8.9 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively.

We do not recognize revenue from the sale or pre-sale of a property until such property is completed and delivered to the buyer, which normally takes place approximately six to 24 months after the commencement of pre-sales. Revenue for most of the properties pre-sold during a particular period generally will only be recognized in subsequent financial periods. Prior to the date of revenue recognition, we include proceeds received from properties sold, including pre-sale proceeds that we receive when we sell properties prior to their completion and delivery, in our balance sheets as “Receipts in advance” under “Current Liabilities.” Accordingly, our results of operations may vary significantly from period to period, and in particular are dependent on the timing of the completion and delivery of our properties. As such, period to period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenue.

The latest financial period reported by the reporting accountants required under the Companies Ordinance and the Listing Rules

An application has been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance in relation to the inclusion of the accountants’ report for the full year ended December 31, 2010 in this prospectus and a certificate of exemption has been granted by the SFC in this regard. Further, an application has also been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules in relation to the inclusion of the accountants’ report for the full year ended December 31, 2010 in this prospectus, and such waiver has been granted by the Stock Exchange. For details, please see the section headed “Waivers from Strict Compliance with the the Listing Rules and Exemption from the Companies Ordinance — Waiver from strict compliance with Rule 4.04(1) of the Listing Rules and exemption from section 342(1) of the Companies Ordinance” in this prospectus.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Our Company was incorporated in the Cayman Islands with limited liability on August 25, 2009. Pursuant to the Reorganization, our Company became the holding company of the companies now comprising our Group on December 2, 2010. For details of the Reorganization, please see the section headed “History, Reorganization and Corporate Structure” in this prospectus. Since our Company and our subsidiaries were ultimately controlled by Mr. Wong both before and after the completion of the Reorganization, the Reorganization has been treated as a business combination under common control for accounting purposes, and the financial information (the “Financial Information”) of our Group for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010 has been prepared using the principles of merger accounting.

The Financial Information presented in the Accountants’ Report is prepared on the following basis:

- our combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010 include the results, comprehensive income, changes in equity and cash flows of all companies now comprising our Group, as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of acquisition, incorporation or establishment, where this is a shorter period;

- our combined balance sheets have been prepared to present our assets and liabilities as if the current structure had been in existence as at the respective balance sheet dates;

- acquisitions other than those resulting from the Reorganization are accounted for using the purchase method; and

- inter-company transactions, balances and unrealized gains on transactions between companies comprising our Group are eliminated.

For more information on the basis of the presentation of the Financial Information included herein, please see the section headed "Accountants' Report" in Appendix I to this prospectus.

As Top Spring (Chengdu) and Top Spring International (Yuhang) were not subsidiaries of our Group until June 18, 2008, when Original TSI, who 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 Chengdu Landmark and Hangzhou Landmark were not included in our Group's combined financial statements until June 18, 2008.

SUMMARY COMBINED FINANCIAL INFORMATION

The following combined income statements and combined statements of comprehensive income for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010 and the selected combined balance sheets information as at December 31, 2007, 2008 and 2009 and September 30, 2010, are derived from our audited combined financial statements prepared in accordance with HKFRS, which are included in the section headed "Accountants' Report" in Appendix I to this prospectus. You should read the combined financial information set forth below in conjunction with our combined financial statements, including the notes thereto, included in Appendix I to this prospectus and the section headed "Financial Information" in this prospectus.

Combined income statements and statements of comprehensive income

	Year ended December 31,			Nine months ended September 30,	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Turnover	679,583	662,218	3,228,072	2,521,757	286,948
Direct costs	(315,134)	(335,388)	(2,110,780)	(1,398,426)	(217,086)
Gross profit	364,449	326,830	1,117,292	1,123,331	69,862
Other revenue	21,570	12,420	14,550	9,054	9,144
Other net income/(loss)[1]	120,243	9,867	(2,582)	990	64,750
Selling and marketing expenses	(33,869)	(72,544)	(70,721)	(46,739)	(68,275)
Administrative expenses	(96,957)	(163,465)	(207,288)	(127,316)	(160,081)
Profit/(loss) from operations before changes in fair value of investment properties	375,436	113,108	851,251	959,320	(84,600)
Increase in fair value of investment properties[2]	50,146	152,867	179,978	174,264	22,601
Profit/(loss) from operations after changes in fair value of investment properties	425,582	265,975	1,031,229	1,133,584	(61,999)
Finance costs	(33,857)	(3,767)	(6,375)	(4,565)	(37,000)
Share of losses of associates	(2,832)	—	—	—	—
Profit/(loss) before taxation	388,893	262,208	1,024,854	1,129,019	(98,999)
Income tax	(209,054)	(159,037)	(501,362)	(506,281)	616
Profit/(loss) for the year/period	179,839	103,171	523,492	622,738	(98,383)
Attributable to:					
Equity shareholders of the Company	121,262	9,465	376,586	504,252	(89,436)
Non-controlling interests[3]	58,577	93,706	146,906	118,486	(8,947)
Exchange differences on translation of financial statements of PRC subsidiaries	50,656	45,744	2,191	60,811	51,248
Total comprehensive income for the year/period	230,495	148,915	525,683	683,549	(47,135)
Total comprehensive income attributable to:					
Equity shareholders of the Company	154,102	44,369	376,957	554,955	(44,108)
Non-controlling interests	76,393	104,546	148,726	128,594	(3,027)
Total comprehensive income for the year/period	230,495	148,915	525,683	683,549	(47,135)

Notes:

1 Other net income/loss included, among other things: (i) a gain of HK$105.8 million in 2007 for the disposal of our investment in Shenzhen Shen Guo Tou Shang Yong Zhi Ye Company Limited; (ii) certain government grants from government bodies in connection with our Group's investments in the relevant districts; and (iii) a gain on disposal of a subsidiary of HK$64.5 million (Kunming Xin He Min) in the nine months ended September 30, 2010. Please see the paragraph headed "— Description of Certain Income Statement Items — Other net income" in this section.

2 These fair value gains are unrealized capital gains. Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. Please see the paragraph headed "— Factors Affecting Our Results of Operations — Changes in estimated fair value of our investment properties" in this section. For the year ended December 31, 2008, our Group would have had a net loss if fair value gains for that year were excluded.

3 Non-controlling interests primarily included interests held by non-controlling shareholders of SZITIC Property, in which our Company held a controlling interest (through a subsidiary holding a 51% interest in SZITIC Property) during the Track Record Period. Please see the paragraph headed "— Description of Certain Income Statement Items — Profit for the year/period attributable to non-controlling interests" in this section.

Selected combined balance sheet items and other information

	As at December 31,			As at September 30,
	2007	**2008**	**2009**	**2010**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Total assets	5,278,572	7,416,397	9,837,072	13,225,349
Current assets	3,829,432	4,872,024	7,155,993	10,327,788
Cash and cash equivalents	596,982	546,907	1,282,905	2,943,696
Non-current assets	1,449,140	2,544,373	2,681,079	2,897,561
Total liabilities	4,933,677	6,528,737	8,438,403	12,950,520
Current liabilities	4,087,699	6,267,652	5,077,380	8,724,314
Including: bank loans	980,766	1,428,085	571,580	1,723,599
Non-current liabilities	845,978	261,085	3,361,023	4,226,206
Including: bank loans	631,432	187,455	3,247,411	4,076,976
Total equity	344,895	887,660	1,398,669	274,829
Attributable to equity shareholders of the Company	128,273	525,138	897,911	248,886
Attributable to non-controlling interests	216,622	362,522	500,758	25,943

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control, including those set forth below.

The condition of national and local economies and the real estate markets in China

Substantially all of our revenue during the Track Record Period was generated from operations relating to residential and commercial property markets in the PRC, particularly in the Pearl River Delta and the Yangtze River Delta regions. Our business is concentrated primarily in the Pearl River Delta and the Yangtze River Delta regions. The performance of these markets has been closely tied to macroeconomic factors, including economic growth, urbanization and increased demand for residential properties and commercial properties. The growth of our business and results of operations have, as a result, been driven to a significant extent by GDP growth and increasing urbanization in the PRC generally, and in the Pearl River Delta and the Yangtze River Delta regions, in particular.

There have been significant adverse changes in the global economy and world markets since 2008. The global financial crisis in 2008 caused a slowdown in global capital and credit markets and the world economy generally. The crisis also affected the domestic economy of the PRC. The downward pressure on the local economy contributed to diminished expectations about future growth, declining business and consumer confidence and decreased demand for stocks and residential properties in the PRC, resulting in a general decrease in demand for, and the ASP of, real estate properties in 2008, with transaction volume and/or the ASP in many cities, including the cities in the Pearl River Delta and the Yangtze River Delta regions in which we have development projects, declining significantly compared to 2007. Since 2009, the PRC's real estate market has rebounded somewhat, and property prices and transaction volumes have increased compared to 2008 in many cities. The performance of the real estate market in the PRC will continue to be affected by a number of macroeconomic factors, including the growth rate of the PRC economy, the level of interest rates, the exchange rate of the RMB and the political, economic and regulatory environment in the PRC.

Our operations and financial performance could be materially and adversely affected by fluctuations in both the global and domestic economy and market conditions.

Governmental policies and regulations in the PRC relating to the property sector

Governmental policies and regulations in the PRC relating to property development and related industries have a direct impact on our business and results of operations, including policies and regulations relating to:

- land acquisition;
- pre-sales;
- the availability of mortgage financing;
- the availability of capital through loans or other sources;
- the transfer of land use rights and completed properties;

- tax;
- planning and zoning; and
- building design and construction.

From time to time 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. 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.

During the Track Record Period, the PRC government introduced and adopted various regulations and measures in an effort to curtail the overheating of the PRC property market. In September 2007, the PRC government adopted measures that were intended to restrict or limit the ability of purchasers to obtain second mortgages. Pursuant to such measures, the minimum down payment required for mortgage loans to existing residential property owners for the purchase of additional properties was increased to 40% and minimum interest rates for mortgage loans were set at 1.1 times the PBOC benchmark lending rates. In addition, the PRC government introduced certain restrictive measures that limited property developers' access to capital resources and financing. In particular, the PRC government imposed strict capital and credit conditions on property development by prohibiting the granting of bank loans and facilities by commercial banks to PRC property development project companies unless their project capital (in the form of registered capital) was at least 35% of the total investment in the project.

In response to the global economic crisis, the PRC government adopted a two-year RMB4 trillion economic stimulus plan in November 2008 and other measures, including the lowering of lending rates for residential property buyers by the PBOC, which have resulted in a significant rise in the volume of bank loans. In May 2009, the State Council lowered the minimum capital ratio for ordinary commodity housing projects and affordable housing projects from 35% to 20%, and to 30% for all other property development projects. As at September 30, 2010, this policy was expected to enhance the ability of property developers to procure project financing.

Bank regulators in China have expressed concern about excessive lending for real estate investments. Excessive development fueled by cheap credit could cause an oversupply of property inventory leading to a significant market correction, which could adversely affect the sales volumes and selling prices of our projects. On the other hand, efforts by bank regulators to curb excessive lending, may prevent developers, including us, from raising funds needed to start new projects. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations.

Please see the sections headed "Risk Factors — Risks Relating to the Property Sector in the PRC" and "Industry Overview — Regulatory Development of Real Estate Markets in China" in this prospectus.

Access to and Cost of Financing

Property development requires substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flows can be generated from a project. During the Track Record Period, we financed our operations primarily through bank loans, internally generated cash flows (including proceeds from the pre-sale and sale of our projects) and capital contributions from our Shareholders. Please see the paragraph headed "— Liquidity and Capital Resources" in this section.

Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property development. We are highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, particularly those that restrict the ability of real estate developers to obtain lending. Moreover, a substantial portion of our purchasers depend on mortgage financing to purchase our properties. Regulations or measures adopted by the PRC government that are intended to restrict the ability of purchasers to obtain mortgages, that limit their ability to resell their properties or that increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our sales revenue. Since December 2008, the PBOC has raised the benchmark one-year lending rate three times, by 25 basis points each time. The PBOC made these increases recently (in October and December 2010 and February of 2011) and they have resulted in the a PBOC benchmark one-year lending rate of 6.06%. We expect that the increase in interest rates will increase our borrowing costs in general and the financing cost of leveraged property buyers and as a result, may or may not delay purchasers from making a purchase. The effect of the increases in interest rates on our borrowing costs would not be immediately apparent due to our capitalization of borrowing costs in the financial statements. Upon completion of a project and once the property has been delivered to buyers, the capitalized interest expenses of the relevant property will be recognized in the cost of sales of our income statement. Please see the sections headed "Risk Factors — Risk Relating to Our Business — We may not be able to obtain adequate funding on commercially reasonable terms for land acquisitions or property developments" and "Industry Overview — Regulatory Development of Real Estate Markets in China" in this prospectus.

Effects of substantial capitalized borrowing costs on future periods

Most of our borrowing costs (including interest expense) related to our bank and other borrowings for our properties under development, completed properties held for sale and hotel properties have been or will be capitalized as a part of the cost of acquiring or constructing such properties to which the proceeds of such borrowings were applied. As at September 30, 2010, the amount of capitalized borrowing cost included in our combined balance sheet as properties under development was approximately HK$143.9 million and the amount of capitalized borrowing costs included in our combined balance sheet as completed properties held for sale was approximately HK$25 million. The capitalized borrowing costs included in our combined balance sheet as our properties under development and our completed properties held for sale are not recognized in our combined income statements until such properties are sold. As a result, such capitalized borrowing costs have impacted our results during the Track Record Period and may adversely affect our Group's gross and net profit margins upon the sale of such properties.

Income Tax

CIT

We are subject to CIT in China. Prior to January 1, 2008, our subsidiaries incorporated in Shenzhen were entitled to a preferential CIT rate of 15%, and all our other PRC subsidiaries were subject to CIT at the statutory rate of 33%. Under the new Corporate Income Tax Law, effective as at January 1, 2008, a uniform tax rate of 25% is applied to all enterprises operating in the PRC. For our subsidiaries incorporated in Shenzhen, the preferential tax rate of 15% will gradually transition to the new uniform tax rate of 25% over a five-year period commencing January 1, 2008. Our subsidiaries have made provision for CIT in accordance with the relevant laws and regulations. Our effective tax rates for CIT for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 were 40.6%, 33.2%, 24.8% and (0.6%), respectively. In April 2009, the State Administration of Taxation further specified certain criteria for the determination of "*de facto* management" of foreign enterprises that are controlled by PRC enterprises, but the interpretation of the term "*de facto* management" of foreign enterprises that are not controlled by PRC enterprises is unclear. Since some members of our management are PRC residents, we may be considered as a PRC "resident enterprise" which would mean that we would be subject to CIT at a tax rate of 25% on our worldwide income. Please see the section headed "Risk Factors — Risks Relating to Our Business — We may be deemed to be a PRC resident enterprise under the new CIT law and subject to PRC taxation on our worldwide income" in this prospectus and the section headed "Taxation and Foreign Exchange" in Appendix V to this prospectus.

LAT

We are subject to LAT on the appreciation in the value of the land and the improvements on the land held by us in relation to our property development sold or pre-sold after January 1, 2006. Our subsidiaries adopted the audited taxation method, pursuant to which all income from our sale or transfer of state-owned land use right, and buildings and their attached facilities in the PRC, is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation in value as defined by the relevant tax regulations. However, because the PRC tax authorities have not strictly enforced the LAT regulations, and because local provincial tax authorities can formulate their own implementation rules for LAT according to local situations, the regulatory standards for the treatment and calculation of our final LAT is uncertain. Please see the section headed "Taxation and Foreign Exchange" in Appendix V to this prospectus.

During the Track Record Period, we made provisions for LAT payments totaling HK$88.6 million, HK$85.2 million, HK$309.9 million and reversed the provisions for LAT in the amount of HK$2.5 million, respectively, for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, to the relevant PRC government authorities at the time and pursuant to rates specified by such authorities. Such amounts include LAT payments of HK$26.2 million, HK$34.4 million, HK$23.1 million and HK$1 million, respectively, in each relevant period for our properties under development or for our unsold completed properties. We made a reversal of the provisions for LAT of HK$2.5 million during the nine months ended September 30, 2010 as a result of the lower ASP achieved for Changzhou Landmark (Phase 3), which decreased the amount of LAT payable by us for Changzhou Landmark. We estimate and make provision for what we believe to be the full amount of LAT for which we expect to be liable in accordance with relevant PRC tax laws and regulations in the period when the revenue from the related properties has been recognized. The actual LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects. As at the date of this prospectus, we have not finalized our LAT calculations and payments with any local tax authorities in the PRC for our properties under development or for our unsold completed properties. Although we believe our provisions are made in material compliance with LAT laws and regulations, they may or may not be sufficient to cover future LAT payments. Please see the section headed "Risk Factors — Risks Relating to Our Business — PRC tax authorities may challenge the basis on which we calculate our LAT obligations" in this prospectus.

Fluctuations in results relating to the timing of completion our property developments

The number of property developments that a developer can undertake during any particular period is limited due to the substantial amount of capital required to fund land acquisitions and to pay for the cost of construction, as well as by its management resources. Property developments may take many months, or possibly years, before any pre-sale takes place and even longer to complete. While the pre-sale of a property generates positive cash flow for us in the period in which it is made, pursuant to generally accepted accounting policies, we only recognize revenue upon delivery of our properties, which takes place approximately six to 24 months after the commencement of pre-sales of our properties. Please see the paragraph headed "— Critical Accounting Policies — Revenue recognition" in this prospectus for more details. Since the delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the Aggregate GFA and the timing of the delivery of the properties that we sell. Periods in which we deliver more Aggregate GFA typically generate a higher level of revenue. Periods in which we pre-sell a large amount of Aggregate GFA, however, may not generate a correspondingly high level of revenue if the properties pre-sold are not delivered within the same period. The effect of the timing of project delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects. As a result, our results of operations may fluctuate in the future.

Changes in estimated fair value of our investment properties

Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, we recognized fair value gains on our investment properties in the amounts of HK$50.1 million, HK$152.9 million, HK$180 million, HK$174.3 million and HK$22.6 million, respectively, which represented 12.9%, 58.3%, 17.6%, 15.4% and 22.8% of our combined profit/loss before taxation in those periods, respectively. In accordance with HKFRS, we are required to reassess the fair value of our investment properties on each reporting date, and we include the gains or losses arising from changes in the estimated fair value of such investment properties in our income statement in the period in which they arise. Pursuant to HKAS 40, our investment properties may be recognized by using either the fair value model or the cost model. We recognize investment properties at our estimated fair value because we are of the view that periodic estimated fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties. The fair values of our investment properties are based on valuations of such properties conducted by our independent property valuer, using property valuation techniques involving certain assumptions of market conditions. Please see the section headed "Property Valuation" in Appendix IV to this prospectus for more details. Investors should be aware that the fair value gains on investment properties included in our income statement reflect unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations or generate any actual cash inflow to us unless and until such investment properties are sold at or above such estimated fair values. Favorable or unfavorable changes in the assumptions of market conditions used by our independent property valuer would result in changes to the fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in our income statement in the future. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may go down as well as up. Please see the section headed "Risk Factors — Risks Relating to Our Business — Our property valuation may differ materially from the actual realizable value of our properties, which is subject to change" in this prospectus.

Land Acquisition Costs

Our results and our continuing growth depend in large part on our ability to secure quality land at prices that can yield reasonable returns. One of the key components of our cost of sales is land acquisition costs. In recent years, land acquisition costs have risen as a result, among other things, of increased demand for properties, owing to the growth of the PRC economy. We expect our land costs per sq.m. of Aggregate GFA delivered to continue to increase in future periods due to the general trend of rising land costs in the PRC and our strategy to acquire and develop land in desirable locations.

Our costs of land use right are influenced by a number of factors, including the location of the property, the timing of the acquisition, as well as the project's plot ratios. Costs of land use right are also affected by our method of acquisition, whether by PRC government-organized tenders, auctions, private sale transactions or the acquisition of other companies that hold land use right. Our costs of land use right are also vulnerable to changes in PRC regulations. In November 2007, the PRC government introduced regulations to increase the transparency related to the grant of state-owned land use right for residential and commercial property developments through competitive processes administered by local governments, including public tenders, auctions or listings for bidding. Under such regulations, land use right certificates are no longer separately issued according to the proportion of the land premium paid. Instead, land use right certificates are not issued until the land premium has been fully paid up pursuant to the land grant contract. These regulations are expected to be an additional factor increasing the difficulty of acquiring land and contributing to higher land acquisition costs. For further details of the relevant PRC regulations, please see the section headed "Industry Overview — Regulatory Development of Real Estate Markets in China" in this prospectus.

Construction Costs

Another key component of our direct costs are construction costs, which consist of all costs for the design and construction of a project, including, primarily, payments to independent contractors and the cost of construction materials and equipment. The construction costs of our projects vary not only according to the floor area and height of the buildings, but also according to the geology of the construction site. Historically, construction materials costs incurred by our contractors have been the principal driver of the construction costs of our property developments. Construction costs fluctuate as a result of changes in the prices of key construction materials such as steel and cement. Construction costs have a direct affect on our gross margin.

Our contractors are generally responsible for the procurement of base construction materials (including steel cement and bricks). We generally do not cap the prices of such materials in our construction contracts with our contractors. As a result, we are subject to the risks of short-term price fluctuation and long-term movement in the prices of our construction materials. Our profitability may suffer if we cannot pass on any resulting increases in our costs to our customers. Further, as we typically pre-sell our properties prior to their completion, we may not be able to pass on any increases in our costs to our customers where construction costs increase subsequent to such pre-sales.

Expansion into Other Cities

The further expansion of our operations into new cities may impose higher demands on our management's resources and affect our profit margins. The PRC real estate market is highly competitive and localized. Each locality we enter will inevitably have its own local property developers with which we will have to compete. They may have better access to information and knowledge of the market. The level of profitability which we will be able to achieve in such markets is uncertain.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our combined financial statements for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, which have been prepared in accordance with HKFRS. Our reported financial condition and results of operations are sensitive to the accounting methods, assumptions and estimates that underly the preparation of the financial statements upon which they are based. We continually evaluate our estimates and assumptions, which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. Our estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities when such values are not readily apparent from other sources. Actual results typically differ from our estimates. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

The selection of critical accounting policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our financial statements. Our Directors believe the following critical accounting policies are among those that involve the most significant judgments and estimates used in the preparation of our combined financial statements.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to our Group and when the revenue and costs, if applicable, can be measured reliably, on the following basis:

(a) sale of completed properties, when the significant risks and rewards of ownership of the properties have been transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the respective sales agreements, and the collectibility of related receivables is reasonably assured;

(b) rental income, in equal installments over the periods covered by the respective lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset; leased incentives granted are recognized in our income statement as an integral part of the aggregate net lease payments available and contingent rentals are recognized as income in the accounting period in which they are earned;

(c) hotel operation, when services are provided;

(d) from the rendering of services, when services are provided; and

(e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset.

Direct Costs of Completed Properties for Sale

We recognize the direct costs of our properties for a given period to the extent that revenue from the sale of such properties has been recognized in such period. Prior to the recognition of turnover, completed properties held for sale are included in our combined balance sheets at the lower of cost and net realizable value.

Direct costs for each property that we sold include the specific development cost of each property, including, primarily, land premium, construction and other development costs, but exclude selling and marketing expenses and administrative expenses.

Properties under Development for Sale and Completed Properties for Sale

Properties under development for sale are intended to be held for sale after completion. Properties under development for sale are stated at the lower of cost and net realizable value and are comprised, primarily, of land premium, development costs and capitalized borrowing costs incurred during the construction period. Properties under development for sale are classified as current assets. On completion, the properties are then classified as completed properties for sale.

During construction, development costs of properties to be sold are recorded under inventories on our balance sheet as properties under development for sale and are transferred to our income statement upon recognition of the revenue from the sale of completed properties. Before the final settlement of the development costs and other costs relating to the sale of properties, these costs are accrued by our Group in amounts based on our management's estimates.

When constructing properties, we typically divide the development projects into phases. Costs directly related to the construction of a particular phase are recorded as costs of that phase. Costs that are common to phases are allocated to individual phases in proportion to the saleable area.

Completed properties for sale are stated at the lower of cost and net realizable value. Cost of completed properties for sale is determined by an apportionment of total land premium and development costs attributable to the unsold properties. Net realizable value is the estimated selling price, based on prevailing market conditions, less costs to be incurred in selling the property.

Investment Properties

Investment properties, including investment properties under development, are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs (if any). Subsequent to initial recognition, investment properties are stated at fair value. The valuations of our investment properties are carried out by an independent firm of professional surveyors by using a direct comparison approach assuming sale of each of such properties in its existing state with the benefit of vacant possession and on a market value basis determined based on comparable market sales transactions as available in the relevant market and, where appropriate, on the basis of capitalization of the net rental income derived from the existing tenancy agreements and making allowance for the reversionary income potential of the relevant properties.

Gains or losses arising from changes in the fair values of investment properties are included in the income statements in the years/periods in which they arise. Any gains or losses arising from the retirement or disposal of an investment property are recognized in the income statement in the year of the retirement or disposal.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, namely, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs is suspended or ceases when the assets are substantially ready for their intended use or sale or when the development of such assets has been interrupted. Other borrowing costs are expensed in the period in which they are incurred.

Income Tax

CIT

We are subject to CIT in China. Prior to January 1, 2008, our subsidiaries incorporated in Shenzhen were entitled to a preferential CIT rate of 15% and all of our other PRC subsidiaries were subject to CIT at the statutory rate of 33%. Effective from January 1, 2008, all enterprises with operations in China, including our PRC subsidiaries, are subject to a standard income tax rate of 25%. For our subsidiaries incorporated in Shenzhen, which had previously enjoyed a preferential tax rate, a tax rate of 18% went into effect on January 1, 2008, and such rate will gradually transition to the new uniform tax rate of 25% over the five-year period commencing on that date. Significant judgment is required in determining the provision for income tax. If the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

LAT

Under PRC tax laws and regulations, our properties developed for sale are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation in land value, calculated as the sale proceeds of properties less deductible expenditures, including the acquisition cost of land use right, borrowing costs and all property development expenditures. Since at the time we recognize revenue we may not have completed the entire phase of the relevant project or the project as a whole, our estimate of LAT provisions at that time requires us to use significant judgment with respect to, among other things, the anticipated total proceeds to be derived from the sale of the entire phase of the project or the entire project, the total appreciation of the value of land and the various deductible items. The provision for LAT is made based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects and could be different from the amounts that were initially recorded, and any such differences will impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Please see the section headed "Risk Factors" in this prospectus and the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix VI to this prospectus.

Deferred tax

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax assets in respect of tax losses carried forward are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. In determining the carrying amounts of deferred tax assets, we estimate future taxable profits, which involve a number of assumptions relating to the operating environment of our Group and requires a significant level of judgment exercised by our Directors. Any change in these assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized, and hence our net profit, in future years.

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS

Turnover

Turnover represents revenue generated from the proceeds, net of business tax and other sales related taxes, from the sale of properties, rental income, income from hotel operations and property management and related services income received during the Track Record Period.

The following table sets forth our turnover by source for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively.

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover					
Sale of properties	664,475	603,291	3,105,943	2,441,995	151,538
Rental income	13,168	40,948	59,797	39,528	62,027
Hotel operations	—	11,020	45,940	29,139	46,213
Property management and related services income	1,940	6,959	16,392	11,095	27,170
Total	679,583	662,218	3,228,072	2,521,757	286,948

As we derive substantially all of our turnover from sale of properties, our results of operations for a given period are dependent upon the amount of total saleable GFA, location and type of properties we complete and deliver during such period, the market demand and the price we obtained for such properties at the time they were sold or pre-sold. Conditions in the property markets in which we operate change from period to period and are affected significantly by general economic, political and regulatory developments in the PRC. For further details of the effect these factors may have on our results of operations, please see the paragraph headed "— Factors Affecting Our Results of Operations" in this section.

The table below sets forth, for the periods and the type of properties indicated, the total saleable GFA that we delivered for each type:

	Year ended December 31,									Nine months ended September 30,					
	2007			2008			2009			2009			2010		
	Turnover	Total saleable GFA or units delivered	ASP	Turnover	Total saleable GFA or units delivered	ASP	Turnover	Total saleable GFA or units delivered	ASP	Turnover	Total saleable GFA or units delivered	ASP	Turnover	Total saleable GFA or units delivered	ASP
	HK$'000		HK$	HK$'000		HK$	HK$'000		HK$	HK$'000		HK$	HK$'000		HK$
Residential	47,255	1,650 sq.m.	28,639 per sq.m.	627,188	44,380 sq.m.	14,132 per sq.m.	2,660,487	268,112 sq.m.	9,923 per sq.m.	2,206,666	175,332 sq.m.	12,586 per sq.m.	53,629	6,244 sq.m.	8,589 per sq.m.
Retail	619,236	50,608 sq.m.	12,236 per sq.m.	3,830	61 sq.m.	62,787 per sq.m.	668,258	34,760 sq.m.	19,225 per sq.m.	378,899	9,847 sq.m.	38,479 per sq.m.	107,775	7,116 sq.m.	15,145 per sq.m.
Others[1]	45,095	265 units	170,170 per unit	7,426	35 units	212,171 per unit	6,562	27 units	243,037 per unit	4,470	20 units	223,500 per unit	1,783	7 units	254,714 per unit
Less: Sales return	—	—		—	—		(40,460)	(869) sq.m.	46,559 sq.m.	(25,638)	(526) sq.m.	48,741 sq.m.	(1,117)	(108) sq.m.	10,343 sq.m.
Less: Sales and other taxes	(47,111)	—		(35,153)	—		(188,904)	—		(122,402)	—		(10,532)	—	
Sub-total	664,475			603,291			3,105,943			2,441,995			151,538		

Notes:

1 Others include car parks.

In 2007, we delivered total saleable GFA of 52,258 sq.m. (excluding car parks) at an overall recognized ASP of HK$12,754 per sq.m. Changzhou Landmark made up the majority of our sales and contributed 50,301 sq.m. of total saleable GFA to our sales in 2007. The recognized ASP of Changzhou Landmark was HK$12,088 per sq.m. in 2007.

In 2008, we delivered total saleable GFA of 44,441 sq.m. (excluding car parks) at an overall recognized ASP of HK$14,199 per sq.m. Dongguan Landmark made up the majority of our sales and contributed 37,955 sq.m. of total saleable GFA to our sales in 2008. The recognized ASP of Dongguan Landmark was HK$9,071 per sq.m. in 2008.

In 2009, we delivered a total saleable GFA of 302,872 sq.m. (excluding car parks) at an overall recognized ASP of HK$10,991 per sq.m. Changzhou Landmark made up the majority of our sales and contributed 73,423 sq.m. of total saleable GFA to our sales during the same period. The recognized ASP of the retail units of Changzhou Landmark was HK$20,338 per sq.m. and the residential units in Changzhou Landmark was HK$9,635 per sq.m. for 2009. Changzhou Le Leman City contributed 184,833 sq.m. of Aggregate GFA to our sales during 2009. The recognized ASP of Changzhou Le Leman City was HK$4,787 per sq.m. for 2009.

For the nine months ended September 30, 2010, we delivered a total saleable GFA of 13,360 sq.m. (excluding car parks) at an overall recognized ASP of HK$12,095 per sq.m. Changzhou Landmark made up the majority of our sales, contributing 7,491 sq.m. of total saleable GFA to our sales during the same period. The recognized ASP of the retail units in Changzhou Landmark was HK$15,145 per sq.m. and that of its residential units was HK$9,608 per sq.m. for the nine months ended September 30, 2010.

Consistent with industry practice in the PRC, after satisfying the conditions for pre-sales set forth in PRC laws and regulations, we often enter into pre-sale contracts with customers while the relevant properties are still under development. Please see the section headed "Business — Our Property Development Process — Pre-sales and Sales" in this prospectus. Typically there is a difference of between four and 30 months from the time we commence pre-selling properties under development to the completion and delivery of the properties. We do not recognize any turnover from the pre-sale of our properties until the development of such properties is delivered, even though the purchase price for a property is usually paid in stages prior to the delivery of the property. Before the delivery of pre-sold properties, deposits and purchase payments or portions thereof received from our customers are recorded as receipts in advance, which is a current liability on our combined balance sheet.

Rental income represents recurring turnover generated from our investment properties, which has been historically generated from retail shops, car parks and shopping malls developed by us. Our rental income is generally recognized in our income statement in equal installments over the periods covered by the respective lease terms over the Track Record Period.

Hotel operations income represents recurring turnover generated from the operations of our hotel, Changzhou Holiday Inn, which commenced operations in 2008. Hotel operations income is generally recognized in our combined income statement when the services are provided.

Property management and related services income represents income generated from the management fees charged by us in connection with the property management service we provide to the purchasers and tenants of our completed residential and retail properties. Property management and related services income is generally recognized in our combined income statement when the services are provided.

Direct Costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalized borrowing costs during the period of construction, the cost of rental income, the cost of hotel operations and the cost of property management and related services. We recognize the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognized in such period. Please see the paragraphs headed "— Construction Costs" and "— Land Acquisition Costs" in this section.

The table below sets forth information relating to our direct costs for each year/period during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Land premium	39,924	52,178	234,743	155,251	10,889
Construction and other development costs	259,929	235,181	1,644,654	1,087,720	116,676
Capitalized borrowing costs	7,920	13,573	130,385	86,233	5,352
Cost of rental income	3,374	20,898	17,657	13,154	7,249
Cost of hotel operations	—	5,987	63,609	45,038	51,215
Cost of property management and related services	3,987	7,571	19,732	11,030	24,873
Total direct costs	315,134	335,388	2,110,780	1,398,426	217,086
Total saleable GFA sold (sq.m.)[1]	52,258	44,441	302,872	185,179	13,360
Total number of car parks sold	265	35	27	20	7

Notes:

1 Excluding car parks.

Land premium

Land premium includes costs relating to the acquisition of rights to occupy, use and develop land, including land premiums (which are incurred in connection with a land grant from the PRC government or land obtained in the secondary market by transfer, cooperative arrangement or corporate acquisition), the applicable deed tax associated with the acquisition of land, resettlement costs and other land-related taxes and government surcharges. Our land acquisition costs are influenced by a number of factors, including the location of the property, market conditions, the project's plot ratios, the approved use of the land and our method of acquisition, whether through PRC government-organized tenders, auctions or listings-for-sale, through private sale transactions or through the acquisition of other companies that hold land use right. Land acquisition costs are also affected by changes in PRC regulations.

Development costs

Development costs include all of the costs for the design and construction of a project, including payments to independent contractors and designers and the cost of materials and equipment, government fees and charges and construction management.

Cost of materials is a particularly significant component of our development costs. Development costs fluctuate as a result of changes in prices of key construction materials, including cement, iron, steel and other key building materials. Despite our cost control measures, we are still subject to general increases in the price of construction materials, and we expect the current trend of increasing prices for construction materials to continue in the near future, which in turn will increase our construction costs.

Please see the section headed "Risk Factors — Risks Relating to Our Business — Increases in the price of construction materials and equipment may increase our cost of sales and reduce our gross margins" in this prospectus. The cost associated with resettlement payments made in connection with Changzhou Landmark was also a significant component of our development costs.

Capitalized borrowing costs

We capitalize a portion of our cost of borrowing (including interest expense) to the extent that such costs are directly attributable to the construction of a particular project. In general, we capitalize borrowing costs incurred from the commencement of the planning and design of a project, which predate the receipt of a permit for commencement of construction work, until the physical completion of construction. For any given project, the borrowing costs incurred after completing the construction of a project are not capitalized but are instead expensed in our combined income statement as finance costs in the year in which they are incurred. Where the duration of a loan extends beyond the time the completion of the project, we are unable to capitalize the total interest costs related to the project for the year after completion. Fluctuations in the amount and timing of capitalization from year to year may affect our finance costs.

Most of the borrowing costs have been capitalized as properties under development, completed properties held for sale and hotel properties rather than being expensed in our income statement at the time they were incurred. As at September 30, 2010, the amount of capitalized borrowing cost included in our combined balance sheet as properties under development was approximately HK$143.9 million and the amount of capitalized borrowing cost included in our combined balance sheet as completed properties held for sale was approximately HK$25 million. Please see the paragraph headed "— Factors Affecting Our Results of Operations — Effects of substantial capitalized borrowing costs on future periods" in this section.

Cost of rental income

Costs related to our rental operations primarily include our maintenance costs for the leased properties developed by us and management fees we pay to third parties for the management of our investment properties. Cost of rental income is recognized as such costs are incurred.

Cost of hotel operations

Costs related to our hotel operations primarily include operating costs, labor costs, maintenance costs, operating costs and management fees incurred in connection with our hotel operations.

Cost of property management and related services

Costs related to our property management operations and related services primarily include staff costs associated with our property management companies and other costs associated with the management of the properties that we have developed.

Gross Profit

Gross profit represents turnover less direct costs. Our gross profit for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010 was HK$364.4 million, HK$326.8 million, HK$1,117.3 million, HK$1,123.3 million and HK69.9 million, respectively. Our gross profit margin for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010 was approximately 54%, 49%, 35%, 45% and 24%, respectively. The significant decrease in our gross profit margin in the nine months ended September 30, 2010 to 24% compared to 45% for the same period in 2009 was due to a higher proportion of our sales of properties coming from the sales of units in Changzhou Landmark (Phase 3). The proportion of sales of properties from Changzhou Landmark (Phase 3) had increased from 1.7% in the nine months ended September 30, 2009 to 55.1% in the nine months ended September 30, 2010. In addition, the ASP of retail units in Changzhou Landmark (Phase 3) was 85.5% lower than the ASP of the retail units of Changzhou Landmark (Phase 2) that we sold in the nine months ended September 30, 2010. We believe the relatively lower ASP of retail units in Changzhou Landmark (Phase 3) as compared to Changzhou Landmark (Phase 2) was mainly due to its less desirable location (as it is located further away from the area's main streets). The decrease in our gross profit margin from 49% in 2008 to 35% in 2009 was due to a lower proportion of our sales coming from units in our relatively higher profit margin projects, namely Shenzhen Hidden Valley and Dongguan Landmark, in the year ended December 31, 2009 compared to the year ended December 31, 2008. The proportion of turnover from Shenzhen Hidden Valley and Dongguan Landmark had decreased from 98.2% for the year ended December 31, 2008 to 42.5% for the year ended December 31, 2009. The decrease in our gross profit margin from 2007 to 2008 was mainly due to our sales primarily coming from Dongguan Landmark in 2008 as compared to Shenzhen Water Flower Garden and Changzhou Landmark (Phase 1) in 2007, and the difference in our profit margins in respect of our sales of properties those projects.

Other revenue

Other revenue consists primarily of bank interest income, other interest income from related parties, dividend income from unlisted investments and rent receivables from operating leases, but excludes those relating to investment properties or properties held for sale but leased out temporarily (primarily car parks) and other miscellaneous revenue.

Other net income

Other net income consists primarily of: (i) net exchange gain; (ii) gain of HK$105.8 million in 2007 for the disposal (the "Disposal") of our investment in 深圳深國投商用置業有限公司 (Shenzhen Shen Guo Tou Shang Yong Zhi Ye Company Limited*) ("Shen Guo Tou Shang Yong Zhi Ye"); and (iii) government grants from the city government of Changzhou and Hangzhou, respectively, in connection with our Group's investments in those cities. At the time of the Disposal, Shen Guo Tou Shang Yong Zhi Ye was wholly owned by 深圳市源勝利管理有限公司 (Shenzhen Yuanshengli Management Co., Ltd.*), CR SZITIC Investment and SZITIC Property as to 50%, 40% and 10%, respectively, and we held a 29.10% interest in the 10% interest held by SZITIC Property. 深圳市源勝利管理有限公司 (Shenzhen Yuanshengli Management Co., Ltd.*) is an Independent Third Party and CR SZITIC Investment was a connected party as at the time of the Disposal, as it was a substantial shareholder of SZITIC Property. In respect of the gain of approximately HK$105.8 million (before tax) or HK$89.9 million (after tax) from the Disposal, the gain attributable to our Group was approximately HK$30.8 million (before tax) or HK$26.2 million (after tax) for the year ended December 31, 2007.

Shen Guo Tou Shang Yong Zhi Ye was established in the PRC on April 11, 2003, in which SZITIC Property owned a 10% equity interest. Shen Guo Tou Shang Yong Zhi Ye's principal activities are the operation of shopping malls and the development of property in the PRC.

Because SZITIC Property's management did not intend to hold this investment for trading purposes, its shares in Shen Guo Tou Shang Yong Zhi Ye were classified as available-for-sale equity securities in accordance with the requirements of HKFRS.

In 2007, SZITIC Property sold its entire 10% interest in Shen Guo Tou Shang Yong Zhi Ye to CR SZITIC Trust, a minority shareholder of our Group, for consideration of RMB112.0 million, resulting in a gain on disposal of RMB102.0 million (equivalent to HK$105.8 million), a cash inflow of HK$32.2 million and an increase in the amount due from a minority shareholder of HK$73.6 million in 2007. The significant gain on the disposal of our investment in Shen Guo Tou Shang Yong Zhi Ye in 2007 was mainly due to the significant appreciation in value of the investment. Taking into consideration the attractive price offered by CR SZITIC Trust, our Group decided to dispose of the investment as it only had a 10% equity interest in the investment and did not have any control over the investment.

Selling and marketing expenses

Selling and marketing expenses primarily consist of: (i) the rental expenses for our sales offices; (ii) selling and marketing staff costs consisting of salaries and benefits; (iii) the property management expenses of our sales offices; (iv) advertising and promotion expenses; (v) commissions paid to external sales agents; and (vi) other selling and marketing expenses.

Administrative expenses

Administrative expenses primarily consist of (i) administrative staff costs; (ii) stamp duty and other taxes; (iii) legal and professional fees; (iv) rental expenses for our administrative offices, including for our offices located in Shenzhen and Hong Kong; (v) general office expenses; (vi) depreciation of our fixed assets; (vii) entertainment and traveling expenses; (viii) office utilities expenses; and (ix) other administrative expenses, including provisions for certain late delivery payments to purchasers in connection with Changzhou Landmark and Changzhou Le Leman City.

Increase in fair value of investment properties

During the Track Record Period, fair value gain on investment properties accounted for a significant portion of our profit/loss before taxation. Our results of operations may continue to be affected by adjustments in the estimated fair value of our investment properties. Fair value gain on investment properties reflects unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and does not constitute profit generated from our operations.

We recognize changes in the fair value of our investment properties, including investment properties under development, on our combined income statements, unless their fair value cannot be reliably determined at that time. Please see the paragraphs headed "— Critical Accounting Policies — Investment Properties" and "— Factors Affecting Our Results of Operations — Changes in estimated fair value of our investment properties" in this section. As at December 31, 2007, 2008 and 2009 and September 30, 2010, the fair value of our investment properties was HK$1,021.1 million, HK$1,799.5 million, HK$1,981.6 million and HK$2,081.1 million, respectively. For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, the net fair value of our investment properties increased by HK$50.1 million, HK$152.9 million, HK$180.0 million and HK$22.6 million, respectively, and the relevant deferred tax for these fair value gains charged under income tax expenses on our combined income statements was HK$18.9 million, HK$36.4 million, HK$44.9 million and HK$5.6 million, respectively. Accordingly, the change in fair value of our investment properties (net of deferred tax) represented approximately 17.4%, 112.9% and 25.8% of the profit for the years ended December 31, 2007, 2008 and 2009 and 17.2% of the loss for the nine months ended September 30, 2010.

The following table shows the increases in the fair value of our investment properties, broken down by projects, over the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	Fair value gain	Fair value gain/(loss)	Fair value gain	Fair value gain	Fair value gain
	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)
Shenzhen Water Flower Garden	7,763	1,884	6,645	5,093	909
Dongguan Landmark	—	172,485	25,728	28,054	1,288
Changzhou Landmark	42,383	5,154	139,659	132,539	12,009
Hangzhou Landmark	—	(26,656)	7,946	8,578	8,395
Total	50,146	152,867	179,978	174,264	22,601

The following table shows the fair value of our investment properties, broken down by projects, over the Track Record Period:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)
Shenzhen Water Flower Garden	124,115	133,124	139,980	144,491
Dongguan Landmark	—	322,142	389,684	404,342
Changzhou Landmark	896,958	1,079,932	1,184,958	1,247,983
Hangzhou Landmark	—	264,292	266,984	284,321
Total	1,021,073	1,799,490	1,981,606	2,081,137

Finance costs

Finance costs primarily consist of interest costs net of capitalized borrowing costs relating to properties under development. Not all of the interest costs related to a project can be capitalized. As a result, our finance costs may fluctuate from year to year depending on the level of interest costs that are capitalized within the reporting period as well as the amount of outstanding principal and interest rates. Finance costs also include other borrowing costs which primarily consist of arrangement fees paid in connection with certain of our bank and related party loans.

Income tax

Our income tax expenses for a given period include provisions made for CIT and LAT during the period.

No provision for Hong Kong profits tax has been made during the Track Record Period as our Group did not generate any assessable profits arising in Hong Kong.

Please see the paragraphs headed " — Factors Affecting our Results of Operations — Income Tax — CIT" and "— Critical Accounting Policies-Income Tax — CIT" in this section. For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, our effective tax rate for income tax was 53.8%, 60.7%, 48.9%, 44.8% and (0.6%), respectively. The increase in our effective tax rate for income tax from 53.8% in 2007 to 60.7% in 2008 was mainly due to the significant provision we made for LAT in relation to sales of properties in Shenzhen Hidden Valley (Phase 1) in 2008. Due to the project's relatively high profit margin, we made a significant provision for LAT which we calculated based on our management's estimates at a relatively high LAT tax rate of 50% for sales of properties in Shenzhen Hidden Valley (Phase 1). Our lower effective tax rates in the nine months ended September 30, 2009, the year ended December 31, 2009 and the nine months ended September 30, 2010 as compared to the year ended December 31, 2008 were due mainly to the lower LAT provisions we made in relation to the sales of properties we sold in those periods, namely Dongguan Landmark, Changzhou Landmark (Phases 2 and 3) and Shenzhen Hidden Valley (Phase 2), the LAT rates in relation to which, we calculated based on our management's estimates at between 30% and 50%, higher than the rate at which we calculated our provision for LAT in relation to the disposal of properties in Changzhou Le Leman City (Phases 1 and 2), to take into account the higher gross profit margin of Dongguan Landmark, Changzhou Landmark (Phases 2 and 3) and Shenzhen Hidden Valley (Phase 1).

For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, our effective tax rates (excluding provisions made for LAT) were 40.6%, 33.2%, 24.8% 24.1% and (0.6%), respectively. The decrease in our effective tax rate from 2007 to 2008 was mainly due to the decrease in tax rates applicable to our Group as a result of the new PRC corporate income tax law becoming effective. Our effective tax rate decreased from 2008 to 2009 mainly due to a decrease in our deemed interest income due to the decrease in the balance of our subsidiaries' current accounts and an increase in non-tax deductible expenses due to certain expenses which did not have tax deductible invoices. Our effective tax rate for the nine months ended September 30, 2010 was reduced to (0.6%) from 24.1% in the same period of 2009 mainly due to the effect of unused tax losses and temporary differences not recognized.

During the Track Record Period, our Group's principal subsidiaries were subject to the following CIT rates:

	As at December 31,			As at September 30,
Principal subsidiaries	**2007**	**2008**	**2009**	**2010**
Top Spring Real Estate (Shenzhen)	15%	18%	20%	22%
Shenzhen Hua Long	15%	18%	20%	22%
Changzhou Top Spring	33%	25%	25%	25%
Dongguan SZITIC	33%	25%	25%	25%
Shenzhen Water Flower	15%	18%	20%	22%
Changzhou Water Flower	33%	25%	25%	25%

LAT

We have estimated and made full provisions for LAT in accordance with the applicable requirements set forth in the relevant PRC tax laws and regulations. In addition, we have paid LAT as it became due and payable, in accordance with PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we made provisions for LAT totaling HK$88.6 million, HK$85.2 million, HK$309.9 million, HK$296.9 million and reversed the provisions for LAT in the amount of HK$2.5 million, respectively, for each of the years December 31, ended 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010. Our effective tax rates for total tax expenses (including CIT, LAT and the related deferred tax on the LAT provisions) were 53.8%, 60.7%, 48.9%, 44.8% and (0.6%), respectively for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010. For further details, please see the paragraphs headed "— Factors Affecting Our Results of Operations — Income Tax — LAT" and "— Critical Accounting Policies — Income Tax — LAT" in this section.

Profit/loss for the year/period

For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, we had a profit of HK$179.8 million, HK$103.2 million, HK$523.5 million, HK$622.7 million and a loss of HK$98.4 million, respectively. For the same periods we had a net profit margin of 26%, 16%, 16%, 25% and a net loss margin of 34%, respectively. The decrease in our profit and profit margin for the year ended December 31, 2008, compared to the year ended December 31, 2007, was primarily due to a one-time gain of HK$105.8 million in 2007 from the disposal of our investment in a company. Our having relatively low net profit margins in 2008 and 2009 was primarily a result of our sales of properties in those years being largely from projects with low profit margins. Our incurring a net loss for the nine months ended September 30, 2010 was mainly due to reduced gross profit from decreased sales and an increase in selling and marketing expenses and administrative expenses. Our decrease in sales in the nine months ended September 30, 2010, compared to the same period in 2009, was primarily attributable to the majority of our properties being scheduled for delivery in the fourth quarter of 2010. We incurred an increase in selling and marketing expenses and administrative expenses in the nine months ended September 30, 2010, as a result of the pre-sale activities conducted for The Spring Land (Phase 1 and 2), Shenzhen Hidden Valley (Phase 3 and 4) and Changzhou Landmark (Phase 4) and an increase in the number of our employees in line with the general expansion of our business. For the year ended December 31, 2010, we expect to have recognized sales revenue from our sales of properties in The Spring Land (Phase 1), Changzhou Le Leman City (Phase 3) and Shenzhen Hidden Valley (Phase 3), which, we believe, contributed significant turnover to our Group. Please see the paragraph headed "— Profit Estimate for the year ended December 31, 2010" in this section and the section headed "Profit Estimate in Appendix III to this prospectus.

Profit for the year/period attributable to non-controlling interests

Non-controlling interests primarily include interests held by non-controlling shareholders of SZITIC Property. Our Company held a controlling interest in SZITIC Property (through a subsidiary holding a 51% interest in SZITIC Property) throughout the Track Record Period (we completed our acquisition of the remaining 49% of SZITIC Property on August 31, 2010). We had profit attributable to non-controlling interests of HK$58.6 million, HK$93.7 million and HK$146.9 million, HK$118.5 million and loss attributable to non-controlling interests of HK$8.9 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively, representing 32.6%, 90.8%, 28.1%, 19.0% of our total profit and 9.1% of our total loss for the same periods.

Non-controlling interests during the Track Record Period accounted for a significant portion of our profit/loss as compared to our profit/loss attributable to equity holders of our Company primarily because substantially all of our profit/loss recognized during the Track Record Period was attributable to projects we held through our non-wholly owned subsidiary, SZITIC Property, in which the non-controlling shareholder, CR SZITIC Investment, held a significant interest (49%). In addition, our profit attributable to equity holders of our Company during the Track Record Period was offset by losses incurred by other projects (mainly through wholly-owned subsidiaries). These projects primarily include a project under development, namely Changzhou Landmark and projects held for future development, namely The Spring Land (Phases 4 to 6). Non-controlling interests represented 90.8% of our profit in 2008 primarily due to losses incurred by Changzhou Landmark, which was under Mr. Wong's control.

Out of the six projects which our Group has been involved in with the Scarborough Group, two of the projects, namely Chengdu Landmark and Hangzhou Landmark, did not contribute any revenue to our Group prior to June 18, 2008 as Top Spring (Chengdu) and Top Spring International (Yuhang) were not under Mr. Wong's control and management until June 18, 2008 and thereafter.

Immediately prior to June 18, 2008, Mr. Wong held a 50% indirect interest in SIL through Original TSI, which held such interest through a wholly-owned subsidiary. The remaining 50% interest was held by the Scarborough Group. On June 18, 2008, Original TSI, through its subsidiary, acquired from the Scarborough Group the remaining 50% interest in SIL, which held Top Spring (Chengdu) and Top Spring International (Yuhang). The results of Top Spring (Chengdu) and Top Spring International (Yuhang) have only been included in our Group's combined financial statements since June 18, 2008. In March 2009, Original TSI acquired from SIL its entire beneficial interest in each of Fortune Mega (which indirectly held Top Spring (Chengdu)) and Le Leman Yuhang (which held Top Spring International (Yuhang)). Subsequent to the above acquisitions, Original TSI directly held the above companies and the projects thereunder. Our profit attributable to non-controlling interests in 2008 was mainly contributed by the projects held by SZITIC Property.

Exchange differences on translation of foreign operations

The functional currencies of certain of our subsidiaries and associates are currencies other than HK dollars. As at each of the reporting dates, the assets and liabilities of these entities are translated into the presentation currency of our Group at the exchange rates prevailing at the relevant reporting date, and their income statements are translated into HK dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are included in the exchange reserve. On disposal of a foreign entity, the cumulative amount recognized in the exchange reserve relating to that particular foreign operation is reclassified from equity to profit or loss.

SEGMENT REPORTING

Our Group's business is organized by four operating segments, namely property development, leasing, hotel operations, and property management and related services. The property development segment includes development and sale of residential properties, retail units and carpark spaces. The leasing segment includes leasing of retail units (including club houses) to generate rental income and to hold as investments for capital appreciation. The hotel operations segment provides hotel services. The property management and related services segment mainly provides property management and related services to purchasers and tenants of residential and retail units developed by us.

The table below summarizes revenues of our Group's business by operating segments for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2007		2008		2009		2009		2010	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Sales of properties	664,475	97.8	603,291	91.1	3,105,943	96.2	2,441,995	96.8	151,538	52.8
Rental income	13,168	1.9	40,948	6.2	59,797	1.9	39,528	1.6	62,027	21.6
Hotel operations	—	—	11,020	1.6	45,940	1.4	29,139	1.2	46,213	16.1
Property management and related services	1,940	0.3	6,959	1.1	16,392	0.5	11,095	0.4	27,170	9.5
Total	679,583	100.0	662,218	100.0	3,228,072	100.0	2,521,757	100.0	286,948	100.0

During the Track Record Period, substantially all of our revenue and cash inflow were derived from the property development segment. The following table sets forth certain data with respect to our property development segment for the periods indicated which we have derived from our internal records and the section headed "Accountants' Report" in Appendix I to this prospectus.

	As at December 31,			As at September 30,
	2007	2008	2009	2010
Receipts in advance *(HK$'000)*	1,239,613	2,417,226	960,213	4,921,293
Sale of properties recognized during period *(HK$'000)*	664,475	603,291	3,105,943	151,538
Total saleable GFA delivered (excluding car parks) *(sq.m.)*	52,258	44,441	302,872	13,360

THE NINE MONTHS ENDED SEPTEMBER 30, 2010 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2009

Turnover

Our turnover decreased by HK$2,234.8 million, or 88.6%, to HK$286.9 million in the nine months ended September 30, 2010 from HK$2,521.8 million in the nine months ended September 30, 2009. This decrease was primarily attributable to a significant decrease in our sale of properties, partly offset by increases in rental income and income from hotel operations.

Set forth in the table below is the turnover generated from our sale of properties for the nine months ended September 30, 2009 and 2010, respectively, and the percentage of our total turnover from sale of properties in these periods represented by each project.

	Nine months ended September 30, 2009					Nine months ended September 30, 2010				
Project	Turnover	Percentage of total turnover from property sales	Total saleable GFA sold (net of sales returns)	No. of car park sold	ASP per sq.m./ASP per car park	Turnover	Percentage of total turnover from property sales	Total saleable GFA sold (net of sales returns)	No. of car park sold	ASP per sq.m./ASP per car park
	HK$'000	(%)	sq.m	Unit	HK$	HK$'000	(%)	sq.m	Unit	HK$
Shenzhen Water Flower Garden	11,934	0.5	271	20	27,542 per sq.m. 223,550 per unit	1,783	1.2	—	7	254,714 per unit
Shenzhen Hidden Valley	1,342,029	55.0	37,129	—	36,145 per sq.m.	—	—	—	—	—
Dongguan Landmark	72,014	2.9	6,690	—	10,764 per sq.m.	1,153	0.8	91	—	12,670 per sq.m.
Changzhou Landmark	745,954	30.5	52,021	—	14,339 per sq.m.	111,378	73.5	7,491	—	14,868 per sq.m.
Changzhou Le Leman City	392,466	16.1	88,542	—	4,433 per sq.m.	47,756	31.5	5,670	—	8,423 per sq.m.
Total	2,441,995	100.0	184,653	20		151,538	100.0	13,252	7	

Turnover from sale of properties decreased primarily due to a decrease in total saleable GFA sold and delivered, from 184,653 sq.m. (excluding car parks) in the nine months ended September 30, 2009 to 13,252 sq.m. (excluding car parks) in the nine months ended September 30, 2010. The decrease in total saleable GFA sold and delivered was attributable primarily to fewer scheduled deliveries of pre-sold properties for our Shenzhen and Changzhou projects for the nine months ended September 30, 2010, which was in accordance with our delivery schedules. The delivery schedules of our Shenzhen and Changzhou projects were determined mainly by our development plans and the construction progress of the projects and are not related to the recent austerity measures on the housing market introduced by the PRC government.

Rental income increased primarily due to the increase in leased GFA of Changzhou Landmark in the nine months ended September 30, 2010. Income from hotel operations increased due to the increase in the occupancy rates of our hotel property.

Direct costs

Our direct costs decreased to HK$217.1 million in the nine months ended September 30, 2010 from HK$1,398.4 million in the nine months ended September 30, 2009. This result was primarily attributable to fewer sales of our properties.

Gross profit

As a result of the above, our gross profit decreased by HK$1,053.4 million, or 93.8%, to HK$69.9 million in the nine months ended September 30, 2010 from HK$1,123.3 million in the nine months ended September 30, 2009.

Note:

1 In the nine months ended September 30, 2009, we did not deliver any units in Shenzhen Hidden Valley. However, there were two incidents of cancelled sales for properties in Shenzhen Hidden Valley (Phase 1), together amounting to HK$23.4 million and having a total area of 506 sq.m.

Other revenue

Our other revenue remained stable, being HK$9.1 million in both the nine months ended September 30, 2010 and the nine months ended September 30, 2009.

Other net income/loss

Our other net income of HK$1.0 million for the nine months ended September 30, 2009 increased by HK$63.8 million to HK$64.8 million for the nine months ended September 30, 2010. The increase from the nine months ended September 30, 2009 was primarily attributable to the gain on disposal of a subsidiary in the amount of HK$64.5 million recorded in the nine months ended September 30, 2010.

Selling and marketing expenses

Our selling and marketing expenses increased by HK$21.6 million, or 46.1%, to HK$68.3 million in the nine months ended September 30, 2010 from HK$46.7 million in the nine months ended September 30, 2009. This increase was primarily attributable to increased selling and marketing expenses from The Spring Land, Shenzhen Hidden Valley and Changzhou Le Leman City.

The increase in selling and marketing expenses in the nine months of 2010 was related to the large-scale pre-sale activities we undertook in relation to The Spring Land (Phase 1), Shenzhen Hidden Valley (Phases 3 and 4) and Changzhou Le Leman City (Phase 3). Such projects, however, were not completed and delivered until the last three months of 2010 and hence revenue from the sales of properties in those projects was not recognized in the nine months ended September 30, 2010.

Administrative expenses

Our administrative expenses increased by HK$32.8 million, or 25.7%, to HK$160.1 million in the nine months ended September 30, 2010 from HK$127.3 million in the nine months ended September 30, 2009. The increase in our administrative expenses was mainly due to an increase in our administrative headcount and increases in the salaries of our administrative staff as we increased our administrative headcount to cope with the expansion of our operations.

Increase in fair value of investment properties

Our change in fair value of investment properties decreased by HK$151.7 million, or 87.0%, to a gain of HK$22.6 million in the nine months ended September 30, 2010 from a gain of HK$174.3 million in the nine months ended September 30, 2009. This decrease was primarily attributable to market conditions as prices increased rapidly in the nine months ended September 30, 2009 but then slowed significantly in the nine months ended September 30, 2010 during which the PRC government instituted new regulations aimed at curbing rapid increases in property prices.

Finance costs

Our finance costs increased by HK$32.4 million, or 710.5%, to HK$37.0 million in the nine months ended September 30, 2010 from HK$4.6 million in the nine months ended September 30, 2009. This increase was primarily attributable to our increased borrowings.

Share of losses of associates

We did not share any loss of an associate in the nine months ended September 30, 2009.

Profit/loss before taxation

As a result of the above, our profit before taxation decreased by HK$1,228.0 million, or 108.8%, to a loss before taxation of HK$99.0 million in the nine months ended September 30, 2010 from profit before taxation of HK$1,129.0 million in the nine months ended September 30, 2009.

Income tax

Our income tax decreased by HK$506.9 million, or 100.1%, to income tax credit of HK$0.6 million in the nine months ended September 30, 2010 from an income tax expense of HK$506.3 million in the nine months ended September 30, 2009. This decrease was primarily attributable to decreases in our sales of properties and profit from the properties we sold, which contributed to a decrease in our provision for CIT and a reversal of our LAT provision.

Profit/loss for the period

As a result of the above, our profit for the period decreased by HK$721.1 million, or 115.8%, to a loss for the period of HK$98.4 million in the nine months ended September 30, 2010 from profit for the period of HK$622.7 million in the nine months ended September 30, 2009.

Non-controlling interests

Our profit for the period attributable to non-controlling interests decreased by HK$127.4 million, or 107.6%, to a loss for the period attributable to non-controlling interests of HK$8.9 million in the nine months ended September 30, 2010 from profit of HK$118.5 million in the nine months ended September 30, 2009. This decrease was primarily attributable to losses attributable to CR Company's non-controlling interest in SZITIC Property (we acquired CR Company's 49% non-controlling interest in SZITIC Property on August 31, 2010).

2009 COMPARED TO 2008

Turnover

Our turnover increased by HK$2,565.9 million to HK$3,228.1 million in 2009 from HK$662.2 million in 2008. This increase was primarily due to an increase in sale of properties.

Set forth in the table below is the turnover generated from our sales of properties in 2008 and 2009, respectively, and the percentage of our total turnover from sale of properties in these years represented by each project.

Project	2008					2009				
	Turnover	Percentage of total turnover from property sales	Total saleable GFA sold	No. of car park sold	ASP per sq.m./ASP per car park	Turnover	Percentage of total turnover from property sales	Total saleable GFA sold (net of sales returns)	No. of car park sold	ASP per sq.m./ASP per car park
	HK$'000	(%)	sq.m	Unit	HK$	HK$'000	(%)	sq.m	Unit	HK$
Shenzhen Water Flower Garden	6,348	1.1	—	31	204,774 per unit	13,081	0.4	271	26	25,967 per sq.m. 232,462 per unit
Shenzhen Hidden Valley	267,339	44.3	6,425	—	41,609 per sq.m.	1,251,360	40.3	36,786	—	34,017 per sq.m.
Dongguan Landmark	325,315	53.9	37,955	—	8,571 per sq.m.	69,080	2.2	6,690	—	10,326 per sq.m.
Changzhou Le Leman City	—	—	—	—	—	833,991	26.9	184,833	—	4,512 per sq.m.
Changzhou Landmark	3,619	0.6	61	—	59,328 per sq.m.	938,290	30.2	73,423	—	12,779 per sq.m.
Others	670	0.1	—	4	167,250 per unit	141	—	—	1	141,000 per unit
Total	603,291	100	44,441	35		3,105,943	100	302,003	27	

Turnover from sale of properties increased primarily due to an increase in total saleable GFA sold and delivered, from approximately 44,441 sq.m. (excluding car parks) in 2008 to approximately 302,003 sq.m. (excluding car parks) in 2009. The increase in total saleable GFA sold and delivered is attributable primarily to Changzhou Le Leman City and Changzhou Landmark.

Direct costs

Our direct costs increased by HK$1,775.4 million to HK$2,110.8 million in 2009 from HK$335.4 million in 2008, primarily due to increases in construction costs and land premium. The increases were primarily due to an increase in total saleable GFA sold and delivered in 2009.

Gross profit

As a result of the above, our gross profit increased by HK$790.5 million to HK$1,117.3 million in 2009 from HK$326.8 million in 2008.

Other revenue

Our other revenue increased by HK$2.2 million, or 18%, to HK$14.6 million in 2009 from HK$12.4 million in 2008. This increase was primarily attributable to an increase in other interest income from loans to non-controlling shareholders.

Other net income/loss

Our other net income decreased by HK$12.5 million, or 126%, to a net loss of HK$2.6 million in 2009 from HK$9.9 million in 2008. This decrease was primarily attributable to an increase in impairment loss on other financial assets and the decrease in net exchange gain.

Selling and marketing expenses

Our selling and marketing expenses decreased by HK$1.8 million, or 3%, to HK$70.7 million in 2009 from HK$72.5 million in 2008. This decrease was primarily attributable to a decrease in advertising and promotional expenses in 2009 from 2008 due to the advertising and promotional expenses incurred in 2008 associated with the commencement of the sale of properties in Shenzhen Hidden Valley, offset by the increase in sales commission recognized in 2009.

Administrative expenses

Our administrative expenses increased by HK$43.8 million, or 27%, to HK$207.3 million in 2009 from HK$163.5 million in 2008. This increase was primarily attributable to an increase of HK$25.5 million in staff costs. Other expenses increased primarily due to an increase in provisions for late delivery payments to purchasers in connection with certain units of Changzhou Landmark. The delay in delivery is a result of our decision to postpone the development of Changzhou Landmark in light of the uncertain market environment during the second half of 2008. Staff costs increased primarily due to the increase of salaries and benefits for our existing administrative staff and the increase of salaries and benefits associated with additional administrative staff we hired as a result of the expansion of our Group in 2009.

Increase in fair value of investment properties

Our increase in fair value of investment properties increased by HK$27.1 million, or 18%, to HK$180.0 million in 2009 from HK$152.9 million in 2008. This increase was primarily due to the increase in the fair market value of Changzhou Landmark due to the completion of Changzhou Landmark (Phase 2) and their transfer from investment properties under development to investment properties.

Finance costs

Our finance costs increased by HK$2.6 million to HK$6.4 million in 2009 from HK$3.8 million in 2008. This increase was due to our incurring HK$480 million in loans in Hong Kong in 2009, the finance costs of which could not be capitalized because they were not directly attributable to any specific property development.

Share of losses of an associate

We did not share any losses of an associate in 2008 and 2009, respectively.

Profit before taxation

As a result of the above, our profit before taxation increased by HK$762.6 million, or 291%, to HK$1,024.8 million in 2009 from HK$262.2 million in 2008.

Income tax

Our income tax increased by HK$342.4 million, or 219%, to HK$501.4 million in 2009 from HK$159.0 million in 2008. This increase was primarily attributable to the increase in our profits from 2008 to 2009. Provision for LAT increased primarily due to a higher sales volume. Our effective tax rate for CIT (excluding provisions made for LAT) was 33.2% for 2008 compared to 24.8% for 2009, primarily due to losses incurred by Top Spring Real Estate (Shenzhen).

Profit for the year

As a result of the above, our profit for the year increased by HK$420.3 million, or 407%, to HK$523.5 million in 2009 from HK$103.2 million in 2008.

Non-controlling interests

Our profit for the year attributable to non-controlling interests increased by HK$53.2 million, or 56.8%, to HK$146.9 million in 2009 from HK$93.7 million in 2008. This increase was primarily attributable to an increase in net profit attributable to our then non-wholly-owned subsidiary, SZITIC Property.

2008 COMPARED TO 2007

Turnover

Our turnover decreased by HK$17.4 million, or 3%, to HK$662.2 million in 2008 from HK$679.6 million in 2007. This decrease was primarily attributable to a decrease in sale of properties, partly offset by increases in rental income and income from hotel operations.

Set forth in the table below is the turnover generated from our sales of properties in 2007 and 2008 and the percentage of our total turnover from sale of properties in these years represented by each project.

	2007					2008				
Project	Turnover	Percentage of total turnover from property sales	Total saleable GFA sold	No. of car park sold	ASP per sq.m. /ASP per car park	Turnover	Percentage of total turnover from property sales	Total saleable GFA sold	No. of car park sold	ASP per sq.m./ASP per car park
	HK$'000	(%)	sq.m	Unit	HK$	HK$'000	(%)	sq.m	Unit	HK$
Shenzhen Water Flower Garden	93,549	14.0	1,957	245	27,883 per sq.m. 159,110 per unit	6,348	1.1	—	31	204,774 per unit
Shenzhen Hidden Valley	—	—	—	—	—	267,339	44.3	6,425	—	41,609 per sq.m.
Dongguan Landmark	—	—	—	—	—	325,315	53.9	37,955	—	8,571 per sq.m.
Changzhou Landmark	567,798	85.5	50,301	—	11,288 per sq.m.	3,619	0.6	61	—	59,328 per sq.m.
Others	3,128	0.5	—	20	156,400 per unit	670	0.1	—	4	167,250 per unit
Total	664,475	100.0	52,258	265		603,291	100.0	44,441	35	

Turnover from sale of properties decreased primarily due to a decrease in total saleable GFA sold and delivered, from 52,258 sq.m. (excluding car parks) in 2007 to 44,441 sq.m. (excluding car parks) in 2008 and partially offset by an increase in the ASP (excluding car parks) from HK$11,909 per sq.m. in 2007 to HK$13,417 per sq.m. in 2008 as a result of an increased sale of upscale residential properties. The decrease in total saleable GFA sold and delivered is attributable to Changzhou Landmark and Shenzhen Water Flower Garden.

Rental income increased primarily due to Changzhou Landmark commencing its operations in late 2007, compared with a full year of rental income in 2008.

Direct costs

Our direct costs remained relatively stable and increased to HK$335.4 million in 2008 from HK$315.1 million in 2007. This result was primarily attributable to increases in total saleable GFA sold for Shenzhen Hidden Valley and Dongguan Landmark, which had relatively high development costs per sq.m., offset by decreases in total saleable GFA sold and delivered for Shenzhen Water Flower Garden and Changzhou Landmark.

Gross profit

As a result of the above, our gross profit decreased by HK$37.6 million, or 10%, to HK$326.8 million in 2008 from HK$364.4 million in 2007.

Other revenue

Our other revenue decreased by HK$9.2 million, or 42%, to HK$12.4 million in 2008 from HK$21.6 million in 2007. This decrease was primarily attributable to decreases in bank interest income and other interest income. Bank interest income decreased primarily due to a decrease in the average balance of our interest bearing deposits in 2008. Other interest income decreased primarily due to repayment of related party loans in 2008.

Other net income

Our other net income decreased by HK$110.3 million, or 92%, to HK$9.9 million in 2008 from HK$120.2 million in 2007. This decrease from 2007 was primarily attributable to the one-time gain of HK$105.8 million in 2007 for the disposal of our investment in Shenzhen Shen Guo Tou Shang Yong Zhi Ye Company Limited to a non-controlling shareholder, CR SZITIC Trust. The decrease was also attributable to a government grant we received in 2007 from the Changzhou city government.

Selling and marketing expenses

Our selling and marketing expenses increased by HK$38.6 million, or 114%, to HK$72.5 million in 2008 from HK$33.9 million in 2007. This increase was primarily attributable to increases in advertising and promotion expenses, commission expenses, management fee and staff costs, partially offset by a decrease in other expenses. Advertising and promotion expenses increased primarily due to an increase in pre-sale activities for pre-sales of our properties under development, namely those in Shenzhen Hidden Valley. Commission expenses increased primarily due to our engagement of third-party sales agents for Shenzhen Hidden Valley in 2008. Staff costs increased primarily due to an increase in the number of staff in our sales office for the pre-sale of Shenzhen Hidden Valley.

Administrative expenses

Our administrative expenses increased by HK$66.5 million, or 69%, to HK$163.5 million in 2008 from HK$97.0 million in 2007. This increase was primarily attributable to increases in staff costs, stamp duty and other taxes, rental expenses, depreciation and audit fees. Staff costs increased primarily due to an increase in the number of staff for our office in Shenzhen and the pre-commencement of our hotel operations in 2008. Stamp duty and other taxes increased primarily due to an increase in leasing agreements entered into for Changzhou Landmark and Dongguan Landmark. Other administrative expenses increased primarily due to a provision we made in 2008 for late delivery payments to purchasers in connection with certain units of Changzhou Landmark. The delays in the delivery were a result of our decision to postpone the development of Changzhou Landmark in light of the uncertain market environment during the second half of 2008.

Increase in fair value of investment properties

Our increase in fair value of investment properties increased by HK$102.8 million, or 205%, to HK$152.9 million in 2008 from HK$50.1 million in 2007. This increase was primarily attributable to increases in the fair value of Dongguan Landmark, offset by decreases in the fair value gain of Changzhou Landmark and a fair value loss on Hangzhou Landmark. The fair value gain on Dongguan Landmark increased in 2008 primarily because we completed the project's first revaluation at the completion of the project in July 2008. The fair value gain of Changzhou Landmark decreased primarily due to Changzhou Landmark (Phase 1) of the project being completed in 2007 and there being no additional total saleable GFA for investment properties purposes completed in 2008. The fair value loss on Hangzhou Landmark represented the decrease of its fair value at the end 2008 as a result of the market conditions at the time.

Finance costs

Our finance costs decreased by HK$30.1 million, or 89%, to HK$3.8 million in 2008 from HK$33.9 million in 2007. This decrease was primarily attributable to a decrease in other borrowing costs and an increase in the amount of finance costs capitalized, offset by an increase in interest on bank loans and other borrowings. Other borrowing costs decreased primarily due to a smaller amount of arrangement fees incurred in 2008 in connection with loans from our non-controlling shareholders. The amount of finance costs capitalized increased primarily due to an increase in the GFA of projects under construction in 2008. Interest on bank loans and other borrowings increased primarily due to an increase in bank borrowings for additional projects under development.

Share of loss of an associate

Our share of loss of an associate decreased by HK$2.8 million, or 100%, to HK$nil in 2008 from HK$2.8 million in 2007. This decrease was primarily because we did not share any loss of an associate in 2008.

Profit before taxation

As a result of the above, our profit before taxation decreased by HK$126.7 million, or 32.6%, to HK$262.2 million in 2008 from HK$388.9 million in 2007.

Income tax

Our income tax decreased by HK$50.0 million, or 24%, to HK$159.0 million in 2008 from HK$209.0 million in 2007. This decrease was primarily attributable to decreases in provisions made for CIT and LAT. Provisions made for CIT decreased primarily due to differences in tax rates between a higher rate in Changzhou, where we had many property sales in 2007, and a lower rate in Shenzhen, where we had many property sales in 2008. Provisions made for LAT decreased primarily due to fewer sales for Changzhou Landmark in 2008. Our effective tax rate for CIT (excluding provisions made for LAT) was 40.6% in 2007 compared to 33.2% in 2008 for the reasons stated above.

Profit for the year

As a result of the above, our profit for the year decreased by HK$76.6 million, or 42.6%, to HK$103.2 million in 2008 from HK$179.8 million in 2007.

Non-controlling interests

Our profit for the year attributable to non-controlling interests increased by HK$35.1 million, or 60%, to HK$93.7 million in 2008 from HK$58.6 million in 2007. This increase was primarily attributable to an increase in net profit from our then non-wholly-owned subsidiary, SZITIC Property.

DESCRIPTION OF CERTAIN BALANCE SHEET ITEMS

Selected combined balance sheets items and other information

	As at December 31,			As at September 30,
	2007	**2008**	**2009**	**2010**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Total assets	5,278,572	7,416,397	9,837,072	13,225,349
Current assets	3,829,432	4,872,024	7,155,993	10,327,788
Including: Cash and cash equivalents	596,982	546,907	1,282,905	2,943,696
Non-current assets	1,449,140	2,544,373	2,681,079	2,897,561
Total liabilities	4,933,677	6,528,737	8,438,403	12,950,520
Current liabilities	4,087,699	6,267,652	5,077,380	8,724,314
Including: bank loans	980,766	1,428,085	571,580	1,723,599
Non-current liabilities	845,978	261,085	3,361,023	4,226,206
Including: bank loans	631,432	187,455	3,247,411	4,076,976
Total equity	344,895	887,660	1,398,669	274,829
Attributable to equity shareholders of the Company	128,273	525,138	897,911	248,886
Attributable to non-controlling interests	216,622	362,522	500,758	25,943

From December 31, 2009 to September 30, 2010, our total equity decreased by 80.3%, or HK$1,123.8 million, from HK$1,398.7 million to HK$274.8 million. This decrease was the combined result of our total liabilities increasing by 53.5%, or HK$4,512.1 million, from HK$8,438.4 million to HK$12,950.5 million and our total assets increasing at a lower rate of 34.4%, or HK$3,388.3 million, from HK$9,837.1 million to HK$13,225.3 million.

Our total liabilities increased from December 31, 2009 to September 30, 2010 primarily due to an increase in receipts in advance of HK$3,961.1 million and an increase in bank borrowings of HK$1,981.6 million. Our total assets did not increase as much as our total liabilities during the relevant period primarily because we used assets to acquire the non-controlling 49% interest in SZITIC Property that we did not already own (though SZITIC property's assets were already consolidated on our balance sheet as a result of our controlling interest in it). Additionally, we had a total loss for the period of HK$98.4 million.

Our increase in receipts in advance from December 31, 2009 to September 30, 2010 was primarily from receipts in advance received in relation to pre-sale activities from our Shenzhen Hidden Valley, The Spring Land, Changzhou Le Leman City and Changzhou Landmark projects. The increase in our bank borrowings was primarily related to increased funding needs for construction of our property development projects (primarily for Changzhou Landmark, Shenzhen Hidden Valley, The Spring Land and Changzhou Le Leman City) as well as for the acquisition of the 49% interest in SZITIC Property from CR Company.

With respect to our total assets, immediately prior to our August 2010 acquisition of a 49% interest in SZITIC Property from CR Company, we held a controlling interest in SZITIC Property of 51% (which we acquired prior to the commencement of the Track Record Period) and, therefore, had already consolidated the book value of all of the assets of SZITIC Property into our total assets. Accordingly, the book value of all of the assets of SZITIC Property was reflected in our total equity as of December 31, 2009. We paid a total of HK$959 million for the August 2010 acquisition of the 49% interest in SZITIC Property from CR Company. As a result, we had a corresponding cash outflow, but did not have a corresponding increase in assets due to (i) the book value of the total assets of SZITIC Property being consolidated into the total assets of the Group prior to the acquisition based on our control of SZITIC Property and (ii) the purchase price of the 49% interest in SZITIC Property exceeding the book value of that interest by HK$604.9 million.

With respect to the decrease in our total equity from December 31, 2009 to September 30, 2010, our total equity attributable to equity shareholders of the Company decreased by 72.3% and our equity attributable to non-controlling interests decreased by 94.8%. Our equity attributable to equity shareholders of the Company as a percentage of total equity increased by 26.4%, from 64.2% as of December 31, 2009 to 90.6% as of September 30, 2010 and our equity attributable to non-controlling interests as a percentage of total equity decreased by 26.4% during that time, from 35.8% to 9.4% as of those dates, respectively; these changes were reflective of our August 2010 acquisition of the CR Company's non-controlling interest (of 49%) in SZITIC Property.

Trade and other receivables

The debtors, prepayments and deposits are analysed as below:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	51,333	27,054	79,344	66,030
Other receivables	171,493	46,064	72,922	190,451
Prepaid taxes	74,230	137,914	6,660	199,876
Prepayments and deposits	25,273	21,989	782,207	686,648
	322,329	233,021	941,133	1,143,005

We had trade receivables of HK$51.3 million, HK$27.1 million, HK$79.3 million and HK$66.0 million as at December 31, 2007, 2008, 2009 and September 30, 2010, respectively. As at December 31, 2008, our trade receivables decreased primarily due to the receipt of proceeds from Changzhou Landmark. As at December, 31 2009, our trade receivables increased primarily due to the increase in sales of Changzhou Landmark and Shenzhen Hidden Valley. As at September 30, 2010, our trade receivables decreased due to a decrease in sales of our properties in the nine months ended September 30, 2010.

We had other receivables of HK$171.5 million, HK$46.1 million, HK$73.0 million and HK$190.5 million as at December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. As at December 31, 2008, our other receivables decreased mainly due to the receipt of cash due from a cash advance made to an Independent Third Party, who previously engaged in business relations with our Group, for approximately RMB88 million, to aid in its temporary financial difficulty in 2008. The amount was fully settled in 2008. As at December 31, 2009, our other receivables increased mainly due to the receipt of cash due from a cash advance made to the same Independent Third Party as in 2007 for approximately RMB20 million to help with its temporary financial difficulty in 2009. The amount was settled in December, 2010. As at September 30, 2010, our other receivables increased due to receivable in respect of our disposal of our subsidiary, Kunming Water Flower. Please see the section headed "History, Reorganization and Corporation Structure — Kunming Water Flower (昆明水榭花都)" in this prospectus.

We had prepaid taxes of HK$74.2 million, HK$137.9 million, HK$6.7 million and HK$199.9 million as at December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. As at December 31, 2008, our pre-paid taxes increased due to our increase in pre-sales of Changzhou Landmark, Shenzhen Hidden Valley and Changzhou Le Leman City. As at December 31, 2009, our pre-paid taxes decreased due to our decrease in pre-sales activities and settlement of tax provision. As at September 30, 2010, our pre-paid taxes increased due to our pre-sale of The Spring Land and Changzhou Le Leman City.

We had prepayments and deposits of HK$25.3 million, HK$22.0 million, HK$782.2 million and HK$686.6 million as at December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. As at December 31, 2009 our prepayments and deposits increased primarily due to our Group entering into two land grant contracts for acquisition of the land use rights for Taihu Hidden Valley and Hangzhou Hidden Valley in 2009. As at December 31, 2009, a total of HK$762.8 million was paid for the deposits of Taihu Hidden Valley in the amount of HK$319.2 million and Hangzhou Hidden Valley in the amount of HK$443.6 million.

Trade and other receivables primarily consist of (i) debtors, prepayments of business taxes and deposits for construction payments; (ii) amounts due from non-controlling shareholders; (iii) loans to non-controlling shareholders; and (iv) amounts due from related parties. As at December 31, 2009, our trade and other receivables included loans to non-controlling shareholders in the aggregate amount of HK$79.5 million. According to our PRC legal adviser, such amount was provided to non-controlling shareholders through entrustment loans and as a result was in compliance with PRC laws and regulations. As at September 30, 2010, trade and other receivables were primarily comprised of (i) HK$1,143.0 million of debtors, prepayments and deposits for our construction projects; (ii) amounts due from an associate of HK$18.0 million which are interest-free and repayable on demand; and (iii) amounts due from related companies of HK$423.7 million which are interest-free and repayable on demand. The amount due from an associate, in the sum of HK$18.0 million, resulted from our Group's payment of certain expenses on behalf of an associated company and the amount due from related companies, in the sum of HK$423.7 million, represented cash advances made by our Group to a related party which were not related to our Group's core businesses. As the amount due from an associate is repayable on demand, such amount may not be settled prior to Listing. The amount due from related parties was settled in December 2010. According to our PRC legal adviser, such cash advances were not made onshore in the PRC, and hence PRC laws and regulations were not applicable. The amount due from an associated company may not be settled prior to Listing as we do not have control over the management and operation of the associated company. Our PRC legal adviser has advised us that our loans to non-controlling shareholders and amounts due from related parties were not made in breach of any PRC laws or regulations, except for our incurring of the amount of HK$18.0 million due from an associated company of our Group, which violated the "General Lending Provisions (貸款通則)" promulgated by the PBOC in 1996 (the "Provisions"). This amount represented expenses paid by us on behalf of an associated company. Our PRC legal adviser has advised us that the Provisions are rules of a government department, not laws or administrative regulations. The Provisions call for a penalty equivalent of between one and five times of the profit made by the relevant lender to be imposed in the case of non-compliance. Our PRC legal adviser has advised us that the non-compliance will not result in our Group incurring any penalties as contemplated by the Provisions as the relevant amount due from an associated company of our Group was interest-free and resulted from the prepayment of expenses by our Group on behalf of the associated company.

The following is an aging analysis of trade receivables (excluding the effect of rent-free adjustments) of our Group:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Within 1 month	43,241	1,986	14,316	32,963
1 to 3 months	—	8,073	7,851	12,806
3 to 6 months	—	798	23,907	1,691
6 to 12 months	—	2,869	8,556	13,486
Over 12 months	—	36	6,330	2,308
	43,241	13,762	60,960	63,254

Out of our trade receivables as at September 30, 2010, of HK$63.3 million (excluding the effect of rent-free adjustments), approximately 8% was subsequently settled as at December 31, 2010. We offer our tenants a rent-free period lasting from approximately one to six months, in which our tenants are provided such time to set up their premises for their use. Such rent-free period is dependent on the size of the area leased and the length of the lease term.

The increase in the aging of our trade receivables in six to 12 months as at September 30, 2010, is primarily due to the cumulative effect of our debtors requiring an increased time for settling their payments, which is as a result of our debtors not having confirmed the settlement amount owed to us due to the discrepancies in total saleable GFA sold and delivered as described in the sale and purchase agreements entered into prior to the completion of the properties and total saleable GFA of the actual sold and delivered property, which affect the amount owed.

Trade and other payables

Trade and other payables primarily consist of (i) creditors and accrued charges; (ii) rental and other deposits; (iii) receipts in advance; and (iv) amounts due to related companies. As at September 30, 2010, trade and other payables included approximately: (i) HK$1,110.2 million of creditors and accrued charges, representing construction costs charged or accrued; (ii) HK$166.4 million of rental and other deposits; (iii) receipts in advance of HK$4,921.3 million representing proceeds from pre-sale activities; and (iv) loans from a related company of HK$0.1 million.

Receipts in advance

Receipts in advance represent proceeds received from pre-sales of our property developments and consist of payments made at various stages prior to delivery. We recognize such proceeds on our combined balance sheets as current liabilities. Consistent with industry practice, we typically enter into pre-sale contracts with customers while the properties are still under development and after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. Please see the section headed "Business — Our Property Development Process — Pre-sales and Sales" in this prospectus. We recognize these proceeds as revenue on our combined income statements only when we have completed the construction of the relevant project and have delivered the property to the purchasers. In our experience, it generally takes approximately six to 24 months for revenue to be recognized from the date of receipt of the pre-sale proceeds. As our revenue from sales of properties is recognized upon the delivery of properties, the timing of such delivery may affect the amount and growth rate of our revenue.

As at December 31, 2007, 2008 and 2009 and September 30, 2010, our receipts in advance arising from various development projects amounted to approximately HK$1,239.6 million, HK$2,417.2 million, HK$960.2 million and HK$4,921.3 million, respectively.

Loans from a non-controlling shareholder

Loans from a non-controlling shareholder represent an entrustment loan entered into with our non-controlling shareholder. The amount is non-trade related and had been settled in 2008.

Amounts due to related companies

Amounts due to related companies consists of amounts due to companies controlled by our Controlling Shareholder and are unsecured and interest-free (except for an amount due from a related company amounting to HK$89.3 million as at December 31, 2007, which is interest-bearing at 4.0% per annum). All amounts due to related companies are non-trade related and will be settled prior to Listing.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We operate in a capital-intensive industry and have historically financed, and expect to continue to finance, our working capital, capital expenditure and other capital requirements through proceeds from the pre-sale and sale of properties, income generated from our investment properties and hotel operations, borrowings from commercial banks and related parties, capital contributions from shareholders and new share issuances. Our short-term liquidity requirements relate to servicing our short-term debt and funding our working capital requirements. Our sources of short-term liquidity include cash balances, proceeds from pre-sales and sales of properties and new bank loans. Our long-term liquidity requirements relate to funding of the development of our new property projects and repayment of our long-term debt, and our sources of long-term liquidity include bank loans, capital contributions from shareholders and share issuances.

Cash flow

The table below summarizes our combined cash flow statement for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Selected cash flow statement data					
Net cash generated from/(used in) operating activities	152,937	927,909	(356,161)	(601,521)	1,264,474
Net cash (used in)/generated from investing activities	(430,184)	(549,389)	(298,830)	(136,791)	131,564
Net cash generated from/(used in) financing activities	43,717	(464,117)	1,389,981	2,205,114	198,706
Net (decrease)/increase in cash and cash equivalents	(233,530)	(85,597)	734,990	1,466,802	1,594,744

Our cash used in operations principally comprises payments for our property development activities and land acquisitions. Our cash from operations is generated principally from proceeds received from pre-sales and sales of our properties and rental income. Our cash flows for a given period are also supplemented by increases in trade payables and other payables and accruals, which have been accrued but are not yet due. Our net cash generated from operating activities decreased by HK$1,284.1 million, or 138%, from HK$927.9 million in 2008 to net cash used in operating activities of HK$356.2 million in 2009 primarily due to a decrease in cash generated from pre-sale activities in 2009 and an increase in our cash outflows relating to the construction and development of our properties. This decrease in pre-sale activities in 2009 was primarily as a result of our carrying out significant pre-sale activities in 2008 in relation to Changzhou Landmark and Shenzhen Hidden Valley and, but not having carried out significant pre-sale activities in 2009 due to the general timing of the development of our projects and their launches.

Net cash used in or generated from operating activities

In the nine months ended September 30, 2010, our net cash generated from operating activities was HK$1,264.5 million which consisted primarily of (i) operating loss before changes in working capital of HK$131.4 million; (ii) increase in inventories of HK$839.4 million, primarily attributable to the increase in our leasehold land held for development for sale in Taihu Hidden Valley (Phase 1) and Chengdu Landmark; and (iii) increase in trade and other payables of HK$2,528.4 million, primarily attributable to an increase in pre-sale activities for The Spring Land (Phases 1 and 2) and Changzhou Le Leman City (Phases 4 and 5).

In the nine months ended September 30, 2009, our net cash used in operating activities was HK$601.5 million which consisted primarily of (i) operating profit before changes in working capital of HK$975.5 million; (ii) decrease in trade and other payables of HK$935.7 million primarily attributable to the payment of amounts due to related companies and (iii) increase in trade and other receivables due to deposits paid for the acquisition of Taihu Hidden Valley (Phase 1) and Hangzhou Hidden Valley.

In 2009, our net cash used in operating activities was HK$356.2 million which consisted primarily of (i) operating profit before changes in working capital of HK$905.9 million; and offset by (ii) increase in trade and other receivables of HK$753.4 million, primarily attributable to deposits paid for the acquisition of Taihu Hidden Valley (Phase 1) and Hangzhou Hidden Valley.

In 2008, our net cash generated from operating activities was HK$927.9 million which consisted primarily of (i) operating profit before changes in working capital of HK$136.2 million; (ii) increase in trade and other payables of HK$1,532.2 million, primarily attributable to an increase in pre-sale activities for Shenzhen Hidden Valley (Phases 1 and 2); offset by (iii) increase in inventories of HK$661.9 million, primarily attributable to the construction progress of Changzhou Landmark (Phase 2), Shenzhen Hidden Valley and Changzhou Le Leman City.

In 2007, our net cash generated from operating activities was HK$152.9 million which consisted primarily of (i) operating profit before changes in working capital of HK$308.6 million; and (ii) increase in trade and other payables of HK$440.3 million, primarily attributable to an increase in pre-sale activities of Dongguan Landmark and Changzhou Le Leman City (Phases 1 and 2); offset by (iii) increase in inventories of HK$490.7 million, primarily attributable to the construction progress of Dongguan Landmark and Changzhou Le Leman City (Phase 2).

Net cash used in investing activities

Our cash outflows from investing activities primarily reflect expenditures on development projects and additions to fixed assets. Our cash inflows from investing activities primarily reflect the disposal of available-for-sale equity securities, acquisition of subsidiaries and interest received.

In the nine months ended September 30, 2010, our net cash generated from investing activities was HK$131.6 million which consisted primarily of proceeds from disposal of a subsidiary of HK$90.5 million offset by expenditure on development projects of HK$50.3 million, repayment from non-controlling shareholders of HK$80.0 million and a decrease in restricted deposits of HK$37.2 million.

In the nine months ended September 30, 2009, our net cash used in investing activities was HK$136.8 million primarily for expenditures on development projects.

In 2009, our net cash used in investing activities was HK$298.8 million, of which HK$266.4 million was used for expenditures on development projects, primarily for The Spring Land.

In 2008, our net cash used in investing activities was HK$549.3 million, of which HK$473.8 million was used for expenditures on development projects, primarily for Changzhou Landmark and Changzhou Le Leman City.

In 2007, our net cash used in investing activities was HK$430.2 million, of which HK$474.6 million was used for expenditures on development projects, primarily for Changzhou Landmark and Changzhou Le Leman City.

Net cash used in or generated from financing activities

Our cash inflows from financing activities are mainly generated from new bank loans, loans from non-controlling shareholders of certain of our subsidiaries and contributions from minority shareholders. Our cash outflows from financing activities reflects repayment of bank loans and loans from non-controlling shareholders and payment of interest and other borrowing costs.

In the nine months ended September 30, 2010, our net cash generated from financing activities was HK$198.7 million, which consisted primarily of HK$3,129.8 million proceeds from new bank loans offset in part by repayment of bank loans and interest and other borrowing costs paid of HK$1,462.5 million and an increase in pledged deposits of HK$500.9 million.

In the nine months ended September 30, 2009, our net cash generated from financing activities was HK$2,205.1 million, which consisted of HK$3,846.4 million proceeds from new bank and related party loans offset by the repayment of bank loans of HK$989.1 million and increase in pledged deposits of HK$561.4 million.

In 2009, our net cash generated from financing activities was HK$1,390.0 million, which consisted primarily of proceeds from new bank loans of HK$4,873.1 million and offset in part by repayment of bank loans of HK$2,653.3 million and an increase in pledged deposits of HK$1,169.6 million.

In 2008, our net cash used in financing activities was HK$464.1 million, which consisted primarily of proceeds from new bank loans of HK$838.0 million and a decrease in pledged deposits of HK$149.1 million and offset in part by repayment of bank loans of HK$926.3 million and repayment of loans from non-controlling shareholders of HK$453.7 million.

In 2007, our net cash generated from financing activities was HK$43.7 million, which consisted primarily of proceeds from new bank loans of HK$1,045.0 million and proceeds from loans from non-controlling shareholders of HK$214.5 million and offset in part by repayment of bank loans of HK$692.5 million and repayment of loans from non-controlling shareholders of HK$314.0 million.

NET CURRENT ASSETS

As at September 30, 2010, we had net current assets of approximately HK$1,603.5 million, consisting of HK$10,327.8 million of current assets and HK$8,724.3 million of current liabilities, which represented a decrease of approximately HK$475.1 million from our net current assets of HK$2,078.6 million as at December 31, 2009. This decrease was principally driven by the increase in receipts in advance.

The increase of approximately HK$84.5 million in our trade and other receivables from December 31, 2009 to September 30, 2010 was primarily due to the increase in debtors, prepayments deposits by HK$201.9 million. The increase of approximately HK$502.8 million in our restricted and pledged deposits to HK$1,817.7 million as at September 30, 2010 from HK$1,314.8 million as at December 31, 2009 was primarily due to an increase in pledged deposits of HK$540.1 million which we used to secure short-term bank loans. The increase of approximately HK$1,660.8 million in cash and cash equivalents to HK$2,943.7 million as at September 30, 2010 from HK$1,282.9 million as at December 31, 2009 was principally due to the increase in bank loans for our plans to acquire the remaining interest in SZITIC Property and repayment of construction payables. The increase in current bank loans from HK$571.6 million as at December 31, 2009 to HK$1,723.6 million as at respect of our September 30, 2010 was principally due to our settlement of construction payables in respect of Changzhou Le Leman City, The Spring Land and Shenzhen Hidden Valley.

The table below sets forth the breakdown of our current assets and current liabilities as at September 30, 2010 and January 31, 2011.

	As at September 30, 2010	As at January 31, 2011
	HK$'000	HK$'000 (unaudited)
Current assets		
Inventories[1]	3,981,608	5,089,199
Trade and other receivables	1,584,735	2,392,890
Restricted and pledged deposits	1,817,749	3,909,812
Cash and cash equivalents	2,943,696	2,359,153
Total current assets	10,327,788	13,751,054
Current liabilities		
Trade and other payables	6,198,639	5,786,168
Bank loans	1,723,599	2,932,590
Tax payable	802,076	1,744,694
Total current liabilities	8,724,314	10,463,452

Note:

1 A breakdown of our inventories over the Track Record Period is set for the below:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Leasehold land held for development for sale	173,604	176,849	177,177	451,601
Properties under development for sale	2,133,028	3,138,417	2,400,060	3,094,592
Completed properties for sale	39,054	137,140	480,762	435,415
	2,345,686	3,452,406	3,057,999	3,981,608

Subsequent to September 30, 2010, we had sold 38% of our completed properties for sale of that date as at December 31, 2010. The low percentage of completed properties for sale was as a result of the majority of our properties being scheduled for delivery towards the beginning of 2011.

WORKING CAPITAL

Taking into account the estimated net proceeds available to us from the Global Offering, existing indebtedness, available banking facilities and cash flow from our operations, our Directors confirm that we have sufficient working capital for our operations for at least 12 months from the date of this prospectus.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

The following table sets forth our outstanding borrowings as at December 31, 2007, 2008 and 2009, September 30, 2010 and January 31, 2011:

	As at December 31,			As at September 30,	As at January 31,
	2007	2008	2009	2010	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)
Current					
Bank loans					
— secured	658,946	1,314,655	571,580	1,723,599	2,867,525
— unsecured	321,820	113,430	—	–	65,065
Loans from non-controlling shareholders					
— secured	214,546	—	—	–	—
— unsecured	—	—	—	–	—
Total current borrowings	1,195,312	1,428,085	571,580	1,723,599	2,932,590
Non-current					
Bank loans					
— secured	524,159	187,455	2,353,307	3,213,823	3,932,440
— unsecured	107,273	—	894,104	863,153	1,172,662
Loans from non-controlling shareholders					
— secured	214,546	—	—	–	—
— unsecured	—	—	—	–	—
Total non-current borrowings	845,978	187,455	3,247,411	4,076,976	5,105,102
Total bank loans	1,612,198	1,615,540	3,818,991	5,800,575	8,037,692
Total current and non-current borrowings	2,041,290	1,615,540	3,818,991	5,800,575	8,037,692

Our outstanding bank borrowings amounted to HK$1,612.2 million, HK$1,615.5 million, HK$3,819.0 million, HK$5,800.6 million and HK$8,037.7 million as at December 31, 2007, 2008 and 2009, September 30, 2010 and January 31, 2011, respectively. Our bank borrowings remained relatively stable between 2007 and 2008. Our bank borrowings increased by approximately HK$2,203.5 million from 2008 to 2009 primarily due to increasing funding needs for the constructions of our property development projects, namely, Shenzhen Hidden Valley, The Spring Land and Changzhou Le Leman City (Phases 3 and 4). Our bank borrowings increased between December 31, 2009 and September 30, 2010 primarily due to increased funding needs for the construction of our property development projects, namely, Changzhou Landmark, Shenzhen Hidden Valley, The Spring Land and Changzhou Le Leman City as well as the acquisition of the remaining interest in SZITIC Property.

As at January 31, 2011, we had aggregate credit facilities of approximately HK$10,358.5 million, of which HK$8,115.1 million were utilized. Of our total banking facilities, long-term banking facilities amounted to HK$8,055.5 million, of which HK$5,989.6 million was utilized as at January 31, 2011. The remaining banking facilities were short-term facilities of HK$2,303.0 million, of which HK$2,125.5 million was utilized as at January 31, 2011.

On December 28, 2010, we entered into a facility agreement in respect of a HK$400,000,000 term loan facility (the "Third Party Loan") with an Independent Third Party (the "Independent Third Party Lender") for the following reasons: (i) in order to fund our Chengdu Landmark and The Spring Land (Phases 4 to 6) projects; (ii) in order to develop a relationship with the Independent Third Party Lender to serve as a basis for potential future cooperation in the property development business; (iii) to diversify our funding sources; (iv) in order to obtain foreign currency to pay up the increased registered capital of Top Spring Real Estate (Shenzhen) (which is a wholly foreign owned enterprise with its registered capital denominated in Hong Kong dollars) and to finance the working capital requirements of the Group's off-shore subsidiaries (the commercial banks in the PRC were unable to provide us with a foreign currency loan on terms that were acceptable to us); and (v) our unused banking facilities at the time were granted on the condition that they would be used for the construction of the specific projects for which those loans were originally approved and they therefore could not be used for paying-up the registered capital of the entities and similar purposes. The Independent Third Party Lender is a real estate investment fund incorporated in the British Virgin Islands. The Third Party Loan has a term of three years and has been secured by pledges of shares of Fortune Mega, Top Orient, Scarborough China and Long Hua. Upon maturity of the Third Party Loan, in addition to a repayment of the principal amount of the loan, the Independent Third Party Lender is entitled to an internal rate of return of 15% on the principal amount of the loan and an enhancement fee which is tied to the share price of the Company, if the listing of the Shares on the Stock Exchange occurs within two years of the date of the facility agreement. The maximum repayment amount payable by us to the Independent Third Party Lender, pursuant to the terms of the facility agreement, inclusive of the maximum permissible enhancement fee, is HK$880,000,000. The facility was fully drawn down in January 2011.

Our Directors confirm that we have sufficient working capital for our operations for at least 12 months from the date of this prospectus. Please refer to the sub-section headed "Working Capital" in this section for further information.

The table below sets forth the maturity profiles of our bank borrowings as at the dates indicated:

	As at December 31,			As at September 30,	As at January 31,
	2007	2008	2009	2010	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)
Bank loans repayable					
Within one year	980,766	1,428,085	571,580	1,723,599	2,932,590
After one year but within two years	622,184	170,145	2,170,781	2,760,645	2,697,254
After two years but within five years	—	17,310	1,076,630	1,316,331	1,224,848
After five years	9,248	—	—	—	1,183,000
Total	1,612,198	1,615,540	3,818,991	5,800,575	8,037,692

Our secured and unsecured bank loans are denominated in HK$, US dollar and RMB. Our bank loans bear interest at fixed and floating interest rates. The carrying amounts of our bank borrowings approximate to their fair values. Our secured bank borrowings were secured by investment properties, investment properties under development, properties under development and leasehold land held for development for sale.

Substantially all of our outstanding bank borrowings do not contain material covenants on our ability to undertake additional debt or equity financing or pay dividends. During the Track Record Period, we had not experienced any difficulties in renewing our borrowings that had a material adverse effect on our Company. As at the Latest Practicable Date, we had not defaulted on any debt service obligations and were not aware of any existing circumstances which may render us unable to service or renew such indebtedness. Our Directors believe that the PRC government policies on limiting the granting of bank loans to property developers have not and will not affect our Company's ability to obtain external financing or renew our existing bank loans.

Consistent with others in the industry, we monitor capital on the basis of our gearing ratio. This ratio is calculated by dividing our total borrowings by our total assets. Our gearing ratio for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 was 39%, 22%, 44% and 44%, respectively. The decrease in our gearing ratio from December 31, 2007 to December 31, 2008 was primarily a result of an increase in our total assets from 2007 to 2008. The increase in our gearing ratio from December 31, 2008 to December 31, 2009 was primarily due to an increase in our construction activities and related borrowings.

Guarantees

In the ordinary course of our business, we arrange bank financing for certain purchasers of our property units and provide guarantees to secure obligations for their repayments. Such guarantees commence from the date of the grant of the respective mortgage and terminate upon the earlier of: (i) issuance of the real estate ownership certificate; or (ii) the satisfaction of mortgaged loan by the purchasers of our properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by the purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to take over the legal title and possession of the related properties.

As at December 31, 2007, 2008 and 2009, September 30, 2010 and January 31, 2011, the amounts of outstanding guarantees with respect to the mortgage loans provided by banks to purchasers of our properties were approximately HK$631.2 million, HK$983.4 million, HK$1,588.0 million, HK$2,869.5 million and HK$3,576.2 million, respectively.

The fair value of the guarantees is not significant, and our Directors consider that in the case of default on payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties, and therefore no provision has been made for the guarantees.

As at January 31, 2011, save as disclosed below, there were no bank borrowings guaranteed by our Controlling Shareholder.

In March 2009, Changzhou Top Spring was granted a loan in the amount of no more than RMB300 million by a financial institution for a term commencing on April 15, 2009 and ending on April 14, 2011. The loan was secured by, among others, a corporate guarantee by Original TSI. Original TSI is a company in which Chance Again has a controlling interest. As at the Latest Practicable Date, this loan remained outstanding and is expected to subsist after Listing, and the Original TSI Guarantee will remain in place after Listing and is expected to be released in or about April 2011 when the loan matures.

Please see the section headed "Relationship with Our Controlling Shareholders and the Scarborough Group – Relationship with our Controlling Shareholders – Provision of the Original TSI Guarantee to our Group" in this prospectus.

Save as disclosed above, all guarantees and financial assistance from and to our Controlling Shareholders, Directors and related parties (including loans to related parties) will be fully settled or released prior to Listing.

CAPITAL COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at September 30, 2010, our capital commitments in connection with our property development activities amounted to HK$3,636.6 million, primarily relating to contracted construction fees on projects under development and expenditures relating to future property developments and investments.

The following table summarizes our commitments for property development expenditures:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Contracted for	589,927	1,752,719	2,978,269	3,636,582
Authorized but not contracted for	—	—	—	–
Total	589,927	1,752,719	2,978,269	3,636,582

In addition, under various agreements, we were obligated to make future cash payments in fixed amounts. These included payments in respect of our long-term debt, rent payments under lease agreements and various other obligations.

The following table summarizes these contractual obligations by maturity, including interest payments calculated using contractual rates or, if floating, based on rates as at September 30, 2010:

	Payments due by period			
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans	2,001,393	2,916,823	1,352,576	6,270,792
Creditors and accrued charges	1,058,796	40,758	10,596	1,110,150
Loan from a related company	–	–	–	–
Amounts due to related companies	816	–	–	816
Total	3,061,005	2,957,581	1,363,172	7,381,758

We expect to settle the standing balance of contractual commitments as at September 30, 2010 using a combination of proceeds from the Global Offering, banks borrowings and cash flow from operating activities. As at December 31, 2010, there were no amounts due to related companies and loans from related companies.

The following tables summarize our capital commitments and contractual obligations that are contracted but not provided for as at September 30, 2010, by types of commitments, all of which are payable within one year:

Capital commitment

	As at September 30, 2010
	HK$'000
Commitment for property development expenditures	
Top Spring International (Yuhang)	9,675
SZITIC Property	853,782
Changzhou Top Spring	46,754
Top Spring (Chengdu)	212,787
Total	1,122,998

	As at September 30, 2010
	HK$'000
Commitment for land acquisition	
Top Spring (Fuyang)	1,795,199
Top Spring Taihu Bay	358,002
Total	2,153,201

	As at September 30, 2010
	HK$'000
Commitment for capital injection	
Top Spring International (Taihu Bay)	77,318
Top Spring International (Xiqi)	171,203
Shenzhen Top Spring Tai Sheng Information Consulting Co. Ltd	111,862
	360,383
Total Capital Commitment	3,636,582

Contractual obligations

	As at September 30, 2010
	HK$'000
Contracted for.	3,636,582

OPERATING LEASE

We lease a number of office spaces under operating leases. The leases typically have a term of one to five years, with options for renewal. The majority of our operating lease commitments that are for less than two years represent our commitment under lease agreements with Independent Third Parties for office areas in Shenzhen, which we use as office spaces for our Group and for subleasing. The lease for the office space in Shenzhen has a term of five years and will expire in 2014.

During the Track Record Period, our minimum lease payments for land and buildings charged on our combined income statements were HK$2.2 million, HK$22.3 million, HK$19.9 million and HK$6.0 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, respectively. The amount of minimum lease payments charged increased by HK$20.1 million from 2007 to 2008, primarily due to new leases entered into by our Company with purchasers of certain of our retail units in Changzhou Landmark.

We entered into lease back arrangements with the purchasers of certain of our Changzhou Landmark units in order to better ensure that business for all retail units of Changzhou Landmark (Phase 1) of the project would commence simultaneously. We entered into 21 lease contracts with 22 purchasers. Pursuant to the lease contracts, the leased retail units may be used for our management operations, among other things, and we are obligated to pay rent to the purchasers. The terms of these leases are normally three to six years, which does not represent the entire life of the properties. Our PRC legal adviser is of the opinion that the contents of the lease contracts do not breach any compulsory PRC laws or regulations and are legal and valid.

The relevant properties sold were recorded as sale transactions and the expenses incurred for the lease back were recorded as being for operating leases.

As at September 30, 2010, none of the properties sold by us during the Track Record Period were leased back to us.

The following table summarized our operating lease commitments as at the following dates:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Within 1 year	16,480	16,282	6,651	12,163
After 1 year but within 5 years	33,667	24,500	11,605	23,158
After 5 years	1,353	—	—	–
Total	51,500	40,782	18,256	35,321

We lease out a number of building facilities under operating leases. The leases typically have a term of one to 15 years, with options for renewal. The following table summarizes amounts of receivables from our non-cancellable operating leases as at the following dates:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Within 1 year	46,189	60,301	74,510	86,320
After 1 year but within 5 years	150,733	193,561	237,109	251,215
After 5 years	136,878	235,538	149,148	162,462
Total	333,800	489,400	460,767	499,997

WARRANTY AGAINST CONSTRUCTION DEFECTS IN PROPERTIES

We provide warranties to purchasers of our properties against certain construction defects as stipulated under PRC laws and regulations. We also receive corresponding warranties from construction contractors for the construction of the relevant properties. There were no expenses incurred by us in connection with the provision of warranties during the Track Record Period.

LEGAL CONTINGENCIES

In the normal course of business, we are involved in lawsuits and other proceedings. Please see the section headed "Risk Factors — Risk 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 and a deterioration of our corporate image as a result which may adversely affect our business" in this prospectus. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, we believe that no liabilities resulting from these proceedings will have a material adverse effect on our business, financial position, results of operations and prospects.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities set forth above, as at December 31, 2010, (i) we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties; (ii) we do not have a retained or contingent interest in assets transferred to an unconsolidated entity or a similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets; (iii) we have not entered into any derivative contracts that are indexed to our Shares and classified as shareholders' equity, or that are not reflected in our combined financial statements; and (iv) we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

PLEDGED BANK DEPOSITS

Pursuant to relevant regulations in the PRC, certain of our property development companies are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from relevant local government authorities is obtained. In addition, some of our deposits are pledged for our bank loans, bills payable and for customers' mortgages that we have guaranteed. Such pledged deposits are restricted from being used or transferred before the repayment of the respective bank loans. Please see the section headed "Business — Our Operations — Pre-sale" in this prospectus and the paragraph headed "— Description of Certain Income Statement Items — Turnover" in this section. As at December 31, 2007, 2008 and 2009 and September 30, 2010, such guarantee deposits amounted to HK$269.9 million, HK$105.3 million, HK$1,275.1 million and HK$1,815.2 million, respectively. Please see note 20 in the section headed "Accountants' Report" in Appendix I to this prospectus.

DISCLAIMER

Save as disclosed in the paragraph headed "— Indebtedness" in this section, as at January 31, 2011, being the latest practicable date for the purpose of the indebtedness statement, we did not have any outstanding mortgages, charges, pledges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, guarantees or any other material contingent liabilities. Our Directors confirm that there has not been any material changes in our indebtedness since January 31, 2011.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Market risk is the risk of loss related to adverse changes in the market prices of financial instruments, including interest rates and foreign exchange rates. We are exposed to various types of market risk in the ordinary course of business, including changes in interest rates and foreign exchange rates. We maintain our accounting records and prepare our financial statements in HK dollars.

Our assets are predominantly in the form of prepaid land lease payments, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realized.

Commodities risk

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and cement. We currently do not and do not expect to engage in commodities hedging activities. We purchase most of our supplies of steel and cement at market prices. Such purchase costs are generally accounted for as part of construction contractor fees pursuant to our arrangements with the relevant construction contractors. Accordingly, rising prices for construction materials will affect our construction costs in the form of increased fees payable to our contractors. As a result, fluctuations in the prices of our construction materials could have a significant impact on our results of operations.

Interest rate risk

We are exposed to interest rate risks, primarily relating to our bank borrowings with floating interest rates, which are HK$1,612.2 million, HK$1,615.5 million, HK$3,819.0 million and HK$5,800.6 million, respectively, as at December 31, 2007, 2008 and 2009 and September 30, 2010. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. Our net profit is also affected by changes in interest rates due to the impact such changes have on interest income from our bank deposits.

An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress the overall housing demand in China. On March 18, May 19, July 21, August 22, September 15 and December 21, 2007, respectively, the PBOC increased its benchmark one-year lending interest rates to 6.39%, 6.57%, 6.84%, 7.02%, 7.29% and 7.47%, respectively. The lending rates for various other terms were also raised accordingly. Each of these increases had a negative influence on the property market in China and therefore on our operations. On September 16, October 9, October 30, November 27 and December 23, 2008, respectively, the PBOC lowered the benchmark one-year lending rate to 7.20%, 6.93%, 6.66%, 5.58% and 5.31%, respectively. On October 20, December 26, 2010 and February 9, 2011, the PBOC raised the benchmark one-year lending rate to 5.56%, 5.81% and 6.06%, respectively. We do not currently use any derivative instruments to hedge our interest rate risk.

Foreign exchange risk

We conduct our operation in the PRC and most of our transactions, if not all, are settled in RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in our foreign operations. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of RMB to the US dollar. Under this policy, RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates.

A depreciation in RMB would adversely affect the value of any dividends we pay to our shareholders outside the PRC and would also result in an increase in the price of goods with imported content which we source from our suppliers. An appreciation in RMB, however, would adversely affect the value of the proceeds we will receive from the Global Offering or any capital contributions in foreign currency if they are not converted into RMB in a timely manner. We do not have a foreign currency hedging policy.

However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Inflation/deflation risk

According to National Bureau of Statistics of China, China's overall national inflation/(deflation) rate, as represented by changes in the general consumer price index, was approximately 4.8%, 5.9%, and (0.7%) for the years ended December 31, 2007, 2008 and 2009, respectively. Inflation or deflation has not had a significant effect on our business during the Track Record Period. However, we cannot assure you that any inflation or deflation in China in the future will not have an adverse affect on our business, financial condition, results of operations or prospects.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. We have a policy to regularly monitor our current and expected liquidity requirement and our compliance with the financial covenants pursuant to our borrowings to ensure that we maintain sufficient reserves of cash and have adequate committed credit lines available. For further details of the maturity dates of our financial liabilities as at September 30, 2010, please see note 3(b) in the section headed "Accountants' Report" in Appendix I to this prospectus.

Credit risk

We are exposed to credit risk primarily arising from cash deposits and trade and other receivables. Our management has policies to continuously monitor the exposures to these credit risks. It is our policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, we have policies to ensure that deposits are placed with banks with the appropriate credit ratings. As we have a large number of customers, we do not believe that we have a concentration of credit risk.

The credit risk of our other financial assets, which mainly comprises cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of each of these instruments on our balance sheets.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As at the Latest Practicable Date, our Directors confirm that there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

PROPERTY INTERESTS AND PROPERTY VALUATION

We own all of our properties located in the PRC. These properties include leasehold land held for future development and properties under development for sale, completed properties for sale and investment properties. Please see the section headed "Property Valuation Report" in Appendix IV to this prospectus for details of our property interests as at December 31, 2010.

The following shows the reconciliation of the net book value of our properties (excluding properties classified as fixed assets[1]) as of September 30, 2010 as extracted from the Accountant's Report included in Appendix I to this prospectus to the valuation of properties attributable to us as at December 31, 2010 set forth in the property valuation report included in Appendix IV to this prospectus:

	HK$'000
Net book value of our properties as at September 30, 2010	
— Leasehold land held for development for sale	451,601
— Properties under development for sale	3,094,592
— Completed properties for sale	435,415
— Investment properties	2,081,137
	6,062,745
Less:	
Cost of sales of properties sold for the three months ended December 31, 2010 *(unaudited)*	(978,503)
Add:	
Addition to leasehold land held for development for sale, properties under development, completed properties held for sale and investment properties from September 30, 2010 to December 31, 2010 *(unaudited)*	2,075,811
Gain from fair value of investment properties for the three months ended December 31, 2010 *(unaudited)*	247,576
Exchange difference	98,693
Net book value of our properties as of December 31, 2010 *(unaudited)* subject to valuation as set forth in the Property Valuation Report included in Appendix IV	7,506,322
Revaluation surplus, before income tax and LAT and minority interests[2]	21,583,151
	29,089,473

Note:

1 Please see to the items headed "Hotel properties", "Properties under development for own use", "Other land and building" and "Interests in leasehold land held for own use under operating leases" in note 15 in the section headed "Accountants' Report" in Appendix I to this prospectus.

2 "Revaluation surplus, before income tax and LAT and minority interests" represents the excess of market value of our leasehold land held for development for sale, properties under development and completed properties held for sale over their book value and has not been included in our combined financial information because such properties are stated at the lower of cost and net realizable value for accounting purposes.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2010

We have prepared our estimated net profit for the year ended December 31, 2010 based on the audited combined results of our Group for the nine months ended September 30, 2010 and unaudited consolidated results of our Group for the three months ended December 31, 2010. The significant accounting policies adopted in the preparation of the profit estimate are consistent, in all material respects, with those adopted by our Group as set out in the section headed "Accountants' Report" in Appendix I to this prospectus.

Our revenue, cost of sales and gross profit margin have increased from September 30, 2010 to December 31, 2010 mainly as a result of the recognition of revenue derived from the sale of our properties under Shenzhen Hidden Valley (Phase 3), The Spring Land (Phase 1) and Changzhou Le Leman City (Phase 3) in the fourth quarter of 2010. An announcement of our results for the year ended December 31, 2010 will be available by March 31, 2011.

Estimated net profit attributable to the equity holders of our Company[1]	not less than HK$450.0 million
Estimated gross fair value gains on investment properties	HK$82.0 million
Less: Provision for net deferred tax liabilities on increase in fair value of investment properties	HK$20.5 million
Estimated fair value gains on investment properties (excluding deferred tax effect)	HK$61.5 million
Estimated combined net profit attributable to the equity holders of our Company (excluding fair value gains)	not less than HK$388.5 million
Unaudited pro forma estimated earnings per Share[2]	0.45

Notes:

1 The principal bases on which the profit estimate has been prepared are set out in Appendix III to this prospectus. On the bases set out in Appendix III to this prospectus, and in the absence of the occurrence of unforeseen circumstances, we have estimated that the net profit attributable to the equity holders of our Company for the year ended December 31, 2010 will be no less than HK$450 million, which includes an increase of HK$61.5 million in fair value of investment properties, net of deferred tax effect, and takes into account the staff compensation costs arising from the Pre-IPO Share Option Scheme in the amount of HK$6.2 million.

2 The calculation of the unaudited pro forma fully diluted estimated earnings per share is based on the estimated consolidated profit attributable to equity holders of our Company for the year ended December 31, 2010 and on the bases that our Company had been listed since January 1, 2010 and a total of 1,000,000,000 Shares were in issue during the year ended December 31, 2010 without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, the Pre-IPO Options and any options which may be granted under the Share Option Scheme.

DIVIDENDS AND DISTRIBUTABLE RESERVES

Dividends

Subject to the Companies Law, we, through a general meeting, may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which may be authorized for this purpose in accordance with the Companies Law.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Subject to the limitations mentioned above, and in the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Board currently intends to distribute to our Shareholders as dividends no less than 20% of any distributable profit for each financial year (excluding net fair value gains or losses on investment properties). Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and we will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed each year or in any given year.

We have not declared any dividends since the incorporation of our Company and up to September 30, 2010.

Distributable reserves

As at September 30, 2010, there were no reserves available for distribution to the equity holders of our Company.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the unaudited pro forma statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on how the proposed listing might have affected the financial position of our Group by the completion of the Global Offering as if the Global Offering had been completed on September 30, 2010.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of our Group's financial condition following the completion of the Global Offering.

The following unaudited pro forma statement of adjusted net tangible assets of our Group is based on the combined net assets of our Group as at September 30, 2010, as shown in the section headed "Accountants' Report", the text of which is set out in Appendix I to this prospectus and adjusted as set forth below.

	Combined net tangible assets of our Group as at September 30, 2010[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets[3]	Unaudited pro forma adjusted net tangible assets per Share
	HK$'000	HK$'000	HK$'000	HK$
Based on the Offer Price of HK$6.23 per Share	182,088	1,420,940	1,603,028	1.60
Based on the Offer Price of HK$8.10 per Share	182,088	1,872,545	2,054,633	2.05

Notes:

1 The combined net tangible assets of our Group as at September 30, 2010 is compiled based on the combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus, which is based on the combined net assets of HK$248.9 million less goodwill of HK$66.8 million.

2 The estimated net proceeds from the Global Offering are based on the Offer Price of HK$6.23 or HK$8.10, being the low or high end of the stated Offer Price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by our Group and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

3 The Group's properties classified under fixed assets as at September 30, 2010 have been valued by DTZ, an independent firm of property valuers, the relevant property valuation report is set out in the section headed "Property Valuation" in Appendix IV to this prospectus. Except for investment properties, the revaluation surplus of these properties was not incorporated in the Group's combined financial statements for the nine months ended September 30, 2010 and will not be included in the Group's consolidated financial statements for the year ended December 31, 2010. The above adjustments do not take into account the revaluation surplus attributable to the Group arising from the revaluation of the Group's properties classified under fixed assets amounting to approximately HK$199.3 million. If the revaluation surplus was recorded in the Group's consolidated financial statements since September 30, 2010, additional depreciation and amortization of approximately HK$1.5 million would be charged to income statement for the period.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or our prospects since September 30, 2010, being the date of the latest audited combined balance sheet as set forth in the section headed "Accountants Report" in Appendix I to this prospectus.